

Mr. Reagan said Thursday, "We're open to every approach," and added that U.S. attempts to mediate the dispute have been based on the Security Council resolution, which calls for withdrawal of all forces and a negotiated settlement. "So far, there has not been an agreement on that," Mr. Reagan said.

He said he considered it highly unlikely that the undeclared war would spark the direct involvement of the United States and the Soviet Union.

In Lima, Peruvian Premier Manuel Ulloa today blamed Britain for the failure of U.S. Peruvian proposals aimed at solving the crisis.

Mr. Ulloa said at a press conference that by **sinking the Argentine cruiser General Belgrano** Britain had forced Argentina to stop considering the proposals.

"Faced with this serious aggression, Argentina could not continue to consider formulas of understanding and conciliation," he said.

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HAMBURG (Reuters) — West Germany and Italy appealed Friday for an immediate cease-fire in the Falklands conflict and renewed their support for Britain. The call came in a joint statement after four hours of talks.

They urged a withdrawal of both sides' armed forces and implementation of the UN Security Council resolution.

nces Britain,

destroyer
no offi-

The independent news agency Noticias Argentinas quoted a navy spokesman as saying that the military situation in the South Atlantic was quiet and that the British fleet had moved away from the Falk-

Cease-Fire Urged

Minister Margaret Thatcher on Friday to enter into a cease-fire that would permit negotiations. Chamber President Ronald Briant sent a telegram to the prime minister.

ter warning that the Argentine population gave its fullest support to the military government's insistence on holding on to the islands seized from Britain in April 12.

"We believe there is no way in which the continued use of force could produce anything other than a no-win situation at an unacceptable

The telegram also expressed the belief that "human negotiations" would be necessary to end the crisis.

payment in U.S.

10.3 Million

The number of Americans at work shrank again last month as the jobless rate climbed, Friday's Labor report said. Total employ-

ment was 99.3 million last month, after seasonal adjustment, representing a drop of 1.5 million since the recession began in July.

hardest last month when their jobless rate climbed to a record 13.7 percent, the report said. Cutbacks in construction and manufacturing accounted for most of the 200,000

High interest rates which brought on the recession and have persisted despite the economic

slowdown have particularly hurt the credit-sensitive housing, auto and durable goods industries. In the last year, nearly one in 10 construction jobs have been lost.

In several manufacturing industries last month "the number of payroll employees was below the level reached at the trough of the 1975 recession," BIS Commissioner

Canadian Statistics

OTTAWA (AP) — The seasonally adjusted unemployment rate in Canada reached a monthly 9.6 percent last month, the highest since the Depression and the worst

There were 1,233,000 people looking for work last month, 39.2

In March, the seasonally adjusted unemployment rate was 9.0 percent. The number of workers who

75. The highest level of unemployment was recorded for March. This number dropped 75,000 to 12,621,000.

in the manufacturing industry. The number of jobs rose from 19,991 in October, 1978, to 20,000 in January, 1979.

Age Group	Percentage of Respondents
18-29	85%
30-49	80%
50-69	75%
70+	70%

Journal of Interpersonal Violence 26(10)

Compiled From Agency Dispatches

Vote Is Seen As Approval For Suharto

No Policy Changes Expected in Indonesia

By Kenneth L. Whiting

The Associated Press

JAKARTA — No changes in key policies or personalities were expected after a general election that left Indonesia's political scene looking much the same as before the polls opened Tuesday.

Analysts interpreted the results of the fourth election here in 37 years as a simple vote of confidence in President Suharto, neither glowing tribute nor begrudging approval.

With 74,218,463 or 90 percent of the 82,132,293 of the eligible voters cast counted by Friday, the military-backed Golkar party, Golkar, had won 47,459,977 votes. The Moslem-supported United Development Party had 20,829,977. And the non-Moslem Indonesian Democratic Party had 5,928,489 votes.

Golkar Wins 63%

Golkar captured more than 63 percent of the vote, compared with 62.1 percent in 1976 of Indonesia's 27 provinces. Only devoutly Moslem Aceh on the far northern tip of Sumatra went for the United Development Party.

Golkar does not function as a political party except as the civilian face of the armed forces at election time. The name is an acronym for Golongan Karya or "functional group," a catchall for more than 200 bodies of civil servants and civic leaders.

Parliament is relatively weak and real power has been in the hands of the generals since they thwarted a Communist coup attempt in 1965.

The polling was regarded by most analysts as an important popularity test for President Suharto's 16-year-old administration, particularly its efforts to narrow the gap between the rich and poor.

While no major policy changes are expected, the election results seem likely to influence the kind of agenda President Suharto follows in his fourth term.

The administration is expected to hold steady on its course of rapid modernization and an economic development plan that mixes capitalism and Socialism. It seems certain to continue to favor foreign



President Suharto

investment and international trade to help industry develop.

In the last few years, the government has moved to take over many long-standing issues that have provided ammunition for its critics. It faced up to complaints of internal corruption, inequitable distribution of wealth and neo-colonialism through foreign domination of parts of the private sector.

Critics reject the changes as mere window dressing for continuation of the same old military rule, albeit by retired generals. There are signs, however, that the administration wants to convince the nation that it is both representative and responsive to the people's needs.

President Suharto can claim some solid achievements: in economic development, in family planning and in making the country virtually self-sufficient in rice, the staple food.

Newspaper Is Banned

JAKARTA (AP) — The Moslem daily newspaper Pelita, which tripled its circulation to 125,000 during the Indonesian election campaign, was banned Friday for what government officials described as negative reporting on the May 4 general elections.

The ban followed Pelita's report of alleged fraud and double counting, which it said led to the overwhelming victory of the military-backed Golkar Party.

Armenian to Be Tried In U.S. Killing of Turk

LOS ANGELES — A young Armenian immigrant from Lebanon has been ordered to stand trial in the assassination of a Turkish diplomat early this year.

Hampig Sassounian, 19, could face the death penalty if convicted of the first-degree murder of Turkish Consul-General Kemal Arkan, because of the special allegation that the victim was killed because of his nationality.

Tories Gain Seats in U.K. By-Elections

Strong Showing Tied To Falklands Crisis

By William Borders

New York Times Service

LONDON — Prime Minister Margaret Thatcher's Conservative Party made an extremely strong showing in local government elections that were widely interpreted as a kind of referendum on her conduct in the Falkland Islands crisis.

[According to a BBC computer projection early Friday, the Conservatives had 39 percent of the vote, Labor had 32 percent, the alliance of Liberals and Social Democrats had 26 percent, and independents 3 percent, the United Press International reported.]

The Labor Party was shocked to lose control of the city council in Birmingham, Britain's second largest city, where high unemployment had been expected to hurt the government. Of the 117 seats there, the Conservatives won 60, Labor, 50, and the Liberals, 4. Three others were still undecided.

Although the 4,800 local contests, scattered across England and Scotland, had nothing to do with the Falklands, the crisis has been dominating many aspects of British life.

Lower Than Predictions

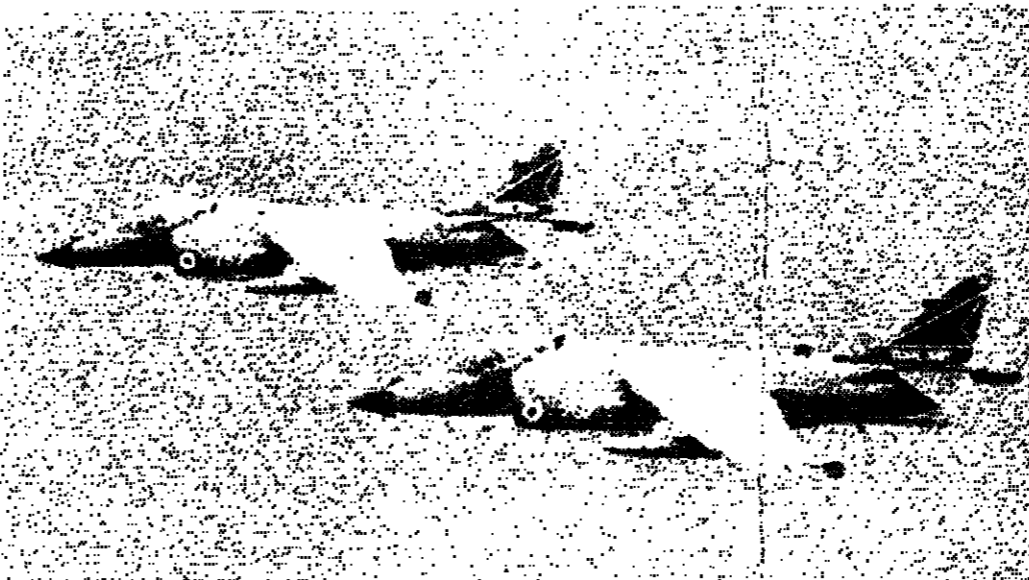
"These were not elections fought on issues like bus fares or social services, as they should have been," said Ken Livingstone, a Labor member who heads the Greater London Council. "Naturally, the war was the first thing on everyone's minds."

The Social Democrats and Liberals did less well than opinion polls had been predicting before the Falklands crisis pushed their new centrist alliance off the front pages.

At stake in the voting were seats in the 32 London boroughs, the 36 English metropolitan areas outside of London, 103 rural districts in England and 12 regional authorities in Scotland.

The BBC devised a method in which results from 10 areas were projected nationally and compared with the results of the general election to power three years ago. On the basis of that projection, the network said that if a parliamentary election were held today, the Conservatives might expect to win 315 seats, Labor, 266, the Liberal-Social Democrat alliance 41, and others 13.

Although that is lower than Mrs. Thatcher's present strength of 334 seats, it would be, if sustained in the complete returns, the strongest showing that a ruling party has made in midterm local elections in decades.



Two Royal Navy Sea Harriers similar to those in this file photograph were reported lost in bad weather by the British Defense Ministry. It added that their pilots were presumed to be dead.

Plan Called Positive Move

(Continued From Page 1)

take place, the Argentine government would be willing to more than accommodate the interests of the approximately 1,800 islanders of British descent.

In Geneva, meanwhile, Argentina accused the European Economic Community on Friday of violating international trade rules by imposing sanctions against Argentine goods over the Falklands conflict.

Gabriel O. Martinez, the Argentine ambassador in Geneva, made the charge at a closed-door council meeting of the General Agreement on Tariffs and Trade. EEC representatives rejected the Argentine position, GATT officials said.

Argentine Envoy, Arafat Confer

BEIRUT (AP) — An Argentine envoy left Beirut Friday after talks with Palestinian Liberation Organization leader Yasser Arafat in what the envoy said was an effort to seek PLO help to promote trade with Arab countries.

"With the boycott of Argentine goods by the European community and the United States, Argentina needs to sell its products and Mr. Arafat will make contacts with Arab countries to help Argentina sell meat," said Jorge Antonio, an Argentine businessman, at the airport shortly before leaving the Lebanese capital.

He was referring to an economic boycott imposed by members of the European Economic Community and limited sanctions by the United States. Much of Argentina's beef and grain exports go to the Soviet Union. Argentina has no official relations with the PLO. Mr. Antonio, who said his father was Syrian and his mother Lebanese, said he had met Mr. Arafat previously.



LINER UNLOADED — Dockworkers at Southampton unloaded furniture from the luxury liner Queen Elizabeth 2 to prepare it for sailing as a troop carrier for the Falklands.

Bush Tells China U.S. Aims To Ease Dispute on Taiwan

(Continued From Page 1)

sincere" dialogue to resolve the arms question "in compliance with the principle" that there only is one China.

China is calling for a gradual phaseout of U.S. arms sales to Taiwan and a deadline for a complete halt, claiming that the military supplies keep Taipei's leaders from considering mainland proposals for reunification.

Negotiations since November are said to have foundered on the issue of timing. The United States claims that it has a legal obligation

to provide for the defense of Taiwan, a U.S. ally until Washington shifted recognition to Peking in 1979.

Unlike Mr. Bush, Mr. Zhao confined his banquet remarks to bilateral relations, reflecting the Chinese position that it will withhold the benefits of strategic cooperation if the arms issue goes unresolved.

Peking already has begun to distance itself from Washington on other international issues, including the Falklands, and has moved closer, recently, to the Third World.

Rhetorical attacks against the United States have intensified since the administration, defying Chinese threats, asked Congress last month to approve \$60 million in military spare parts for Taiwan.

Japanese Leftists Claim 4 Attacks

TOKYO — Leftist radicals claimed responsibility for an attack early Friday outside the imperial palace and fires set at about the same time at three Self-Defense Force facilities near Tokyo, Osaka and Hiroshima, police said.

They said a truck carrying cardboard boxes was set on fire and rammed into a lamp post outside the palace. Police said callers to several news organizations claimed responsibility for the attacks for the radical leftist Chukaku-ha (Middle Core Faction). Chukaku-ha flags and handbills were found at the scenes.

The callers said the attacks were in connection with the 10th anniversary of the May 15 return of Okinawa from the United States to Japan, which was opposed by leftists because of the U.S. military bases on the island.

U.S. Unit Quits Israeli Plan For Soviet Jewish Emigrés

By William G. Blair

NEW YORK — The American Hebrew Sheltering and Immigrant Aid Society (HIAS) has withdrawn from an Israeli plan to deter Soviet Jewish emigrés from going to countries other than Israel.

In December, HIAS acceded to Israeli pressure to participate in the hope that it would encourage the Soviet Union to allow more Jews to emigrate. However, Edwin Shapiro, HIAS president, said Thursday that emigration statistics for the first quarter of 1982 showed that "this much-desired goal was not reached."

In the first quarter of this year 852 Soviet Jews arrived in Vienna, the usual first stop on the emigration route, compared with 1,163 in the last quarter of 1981, according to the National Conference on Soviet Jewry in New York. Consequently, Mr. Shapiro said, HIAS will return to its traditional policy of helping emigrés settle in countries of their choice, a policy that has been supported by the U.S. State Department. The U.S. government says most of the resettlement costs.

The decision to withdraw from the Israeli plan was approved by the HIAS board of directors on April 26 by a 40-12 vote. On Dec. 8, 1981, the board had approved trial participation by a 25-13 vote.

Under the plan, Soviet Jews arriving in Vienna were to be assisted in going to a country other than Israel only if they had close relatives — parents, spouses or children — in that country.

The Soviet Union does not permit general emigration, but members of ethnic minorities, mainly Jews, ethnic Germans and Armenians, have been allowed to leave under a policy of family reunification. Because many Jews have been invited by relatives to Israel, the Soviet authorities usually specify Israel as the destination on their emigration visas, and the Israelis have contended that emigration may be endangered if Soviet Jews go elsewhere.

Jewish emigration from the Soviet Union has dropped from a high of 51,320 in 1979 to 9,450 in 1981. Since 1977 more Jews have chosen to go to countries other than Israel, and last year the share of Soviet emigrés going to Israel was down to 19 percent.

Iran Claims Breakthrough to Border

BEIRUT — Iranian troops breached three Iraqi defense lines in Khuzestan on Friday to reach the Iraqi border for the first time since the two nations went to war 19 months ago, Iran announced.

The Iraqi military command admitted that Iranian forces had mounted "a fresh offensive on all areas of operation at the southern sector of the war front." But an Iraqi communiqué claimed that the Iranian attack was "contained." It said that "fierce fighting is raging with all kinds of weapons and planes."

The rival claims, reported by the state-run media of the two countries, could not be independently verified. Both Iraq and Iran have banned regular reporting by foreign journalists from the 300-mile (480-kilometer) battlefield.

Mexico to Investigate CIA Activities

MEXICO CITY — A special committee of the Mexican Congress is undertaking a closed-door investigation into CIA activities in Mexico, prompted by allegations that Miguel Nasser Haro, a former chief of federal security, was a CIA informant.

Congressman Cuauhtemoc Amezcua announced Thursday that a dozen Mexican officials from the Interior and Foreign Ministries, the federal attorney general's office and Mexico City's chief prosecutor's office will be called to testify. He did not identify the officials.

Mr. Amezcua said that the special probe would be opened following accusations by U.S. Attorney William Kennedy of San Diego, Calif., that the CIA had protected Mr. Nasser Haro because he was an informant. President Reagan dismissed Mr. Kennedy because of his remarks.

Polish Underground Warns of Unrest

WARSAW — Underground statements Friday called for immediate talks between Poland's government and the suspended independent trade union Solidarity and warned that, if increasingly angry workers are ignored, an explosion of unrest could overwhelm the country.

The statements by four fugitive Solidarity leaders who recently formed a clandestine commission aimed at coordinating resistance apparently were written before the street rioting that erupted in at least 12 cities this week.

"Our situation is hopeless; we have a wall in front of us and a wall behind us," said the statement by Bogdan Lis from Gdansk. "On the other side there are the authorities, who are not keen to reach an agreement. We have to give them an ultimatum — there will be reconciliation or a fight."

Police Wound 6 on Golan Heights

TEL AVIV — Israeli border policemen on the occupied Golan Heights shot and wounded six persons Friday during an attempt by a group of people to release a detained member of the Druze sect, a police spokesman said. It was the first shooting incident in the Golan, captured by Israel from Syria in 1967.

Two policemen were taking a Druze villager to the police station at the village of Bukata to charge him with operating a tractor without a license when they were attacked by a mob armed with knives and stones, an Israeli spokesman said.

The policemen first fired over the heads of the attackers, the spokesman said.

Von Bulow Is Sentenced to 30 Years

NEWPORT, R.I. — The Danish-born aristocrat Claus C. von Bulow was sentenced to 30 years in prison Friday for trying twice to kill his millionaire wife with insulin injections.

A jury found Mr. von Bulow guilty on March 16 of injecting Martha "Sunny" von Bulow with insulin during Christmas visits in 1979 and 1980 to their Newport mansion. Mrs. von Bulow is in an irreversible coma. Superior Court Judge Thomas H. Needham sentenced Mr. von Bulow to 10 years for the first attempt, followed by 20 years for the second attempt.

Under Rhode Island law, Mr. von Bulow, 55, will have to serve about 10 years before being eligible for parole. Each count of assault with intent to commit murder carried a penalty of two to 20 years in prison.

Billy Graham Starts Moscow Visit

MOSCOW — The American evangelist Billy Graham arrived here Friday, saying he believed he had a God-given duty to try to help find a way to avert a nuclear catastrophe.

Mr. Graham, 63, was met at the airport by Metropolitan Filaret of Minsk, head of the Russian Orthodox Church's external affairs department. He is scheduled to preach in the cathedral of the Russian Orthodox Church on Sunday morning after delivering a 30-minute sermon at Moscow's Baptist Church.

U.S. Vice President Bush and several other officials reportedly tried to dissuade Mr. Graham from attending a four-day peace conference, scheduled to start Monday, where Mr. Graham is expected to repeat his strong support for a Soviet-U.S. nuclear freeze.

Mosque Assailant Charged in Israel

JERUSALEM — Alan Harry Goodman, an American Jewish immigrant, was charged Friday with murder and attempted murder in the Easter shooting at the Dome of the Rock on Jerusalem's Temple Mount, the district attorney's office said.

Mr. Goodman, 38, was charged with the murder of Riyadh Abu Ramiya, a guard at the Temple Mount, site of two Moslem mosques. The case will be heard by the Jerusalem District Court. Mr. Goodman, who could be sentenced to life imprisonment, reportedly told police that he acted to "liberate" the Temple Mount from Moslem control.

Israeli radio said police did not find enough evidence to charge Mr. Goodman with the killing of another Arab who died in the shooting. Nine Jews and Arabs were wounded in the assault and ensuing riots.

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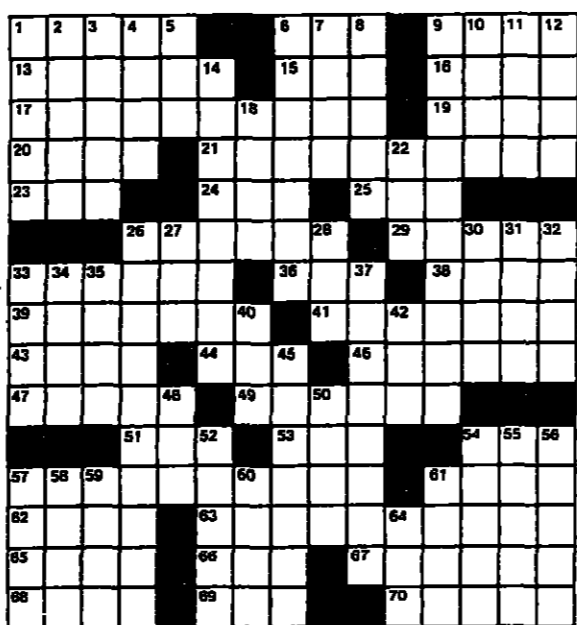
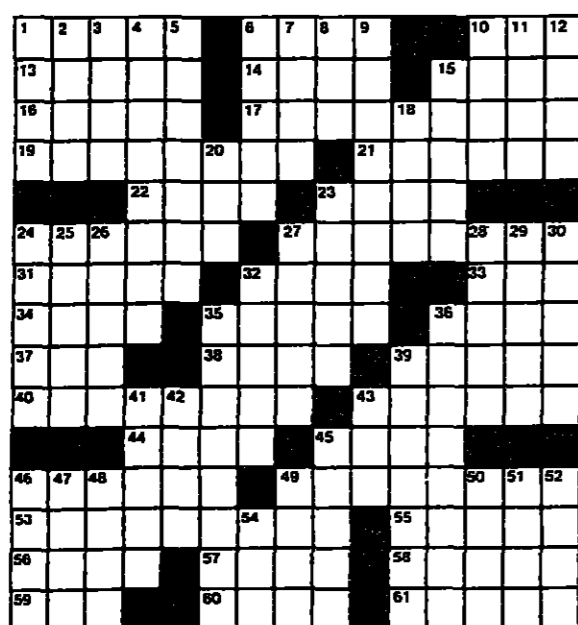
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Question: Four letters meaning two-for-one

(See bottom of the page for answer)



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Portugal.....Esc.	14,200	7,100	3,900
Spain.....Ptas.	990	495	270
Sweden.....S.Kr.	330	165	90
Switzerland.....S.Fr.	330	165	90
Rest of Europe, North Africa and former French India, U.S.A., etc.	5	250	128
French Polynesia, Middle East, etc.	5	250	128
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Domestic Programs Seen as Big Losers in New Budget Proposal

By Spencer Rich

Washington Post Service

WASHINGTON — The new Reagan "conservative" budget announced this week differs from the original Reagan spending plan in part on taxes and military funds, but also in this major respect: It would make much deeper cuts in domestic spending programs, including Social Security, to bring down the deficit.

The proposed new cuts, worked out by the House Budget Committee Chairman Peter V. Domenici, a Republican from New Mexico, and the White House and approved by the committee on a party-line vote, in many respects rival or surpass the domestic program reductions that preoccupied the president and Congress last year.

As a starting point, the Domenici-White House plan would freeze all so-called discretionary domestic

discretionary programs, the entitlement programs and the cost-of-living adjustments for federal and military pensioners compared as follows with Mr. Reagan's initial budget:

- Mr. Reagan's original budget proposed combined cuts in these categories, as compared with anticipated spending levels, totaling \$22 billion in fiscal 1983, \$35 billion in fiscal 1984 and \$49 billion in fiscal 1985, which adds up to \$106 billion over the three years.
- The new plan, as approved by the committee, would cut about \$21.6 billion in fiscal 1983, \$46 billion in 1984 and \$59 billion in 1985 — a three-year total of \$127 billion.

The main difference is bigger cuts in Medicare and the addition of the Social Security cuts. The other domestic programs were generally cut somewhat less.

The new package also moves to cut the overall budget deficit by projecting lower costs to the United States for borrowing money, a reduction in the size of the increase in military spending sought by the president (but it still would rise from \$190 billion in 1982 to \$278 billion in 1985) plus added tax revenues.

NEWS ANALYSIS

Overall Look

Overall, the new budget package looks like this:

In fiscal 1983, if there were no change in current policies, the deficit would be \$182 billion. The committee would cut military procurement outlays by \$5 billion below the president's earlier request, federal civilian and military pay raises by \$5.5 billion, the domestic programs discussed earlier by \$21.6 billion, government interest by \$12.9 billion, government management costs by \$8.9 billion; in addition, \$22 billion in new taxes would be imposed in a form still not specified. These changes would reduce the deficit to \$106.1 billion, nearly \$30 billion below the deficit currently estimated for Mr. Reagan's original budget.

For fiscal 1984, the deficit under current law would be \$216 billion, but \$110 billion in outlays cuts (including \$7 billion in military funds, the \$46 billion in domestic programs, interest, management improvements and government employee pay cuts) plus \$37 billion in new tax revenues would reduce it to \$69 billion.

For fiscal 1985, the cuts (including \$10 billion in defense) would total \$151 billion and the tax increases \$42 billion, and the deficit would be \$39 billion instead of the \$232 billion projected under current law.

Benefit Cuts

In addition, the new spending plan would mandate major benefit cuts in a large group of "entitlement" programs for which spending is normally automatic: Medicare, Medicaid, guaranteed student loans, food stamps, welfare, federal employees' disability compensation and general revenue sharing. As a result, the program outlays over the next three years would be cut substantially from the levels they would otherwise reach as a result of population growth and inflation.

A third major feature of the new plan calls for cutting Social Security by \$6 billion in fiscal 1983 and \$17 billion annually the following two years below the levels it would reach under current law. This means a cut of nearly 10 percent in the outlays anticipated under current law for fiscal 1984-1985.

President Reagan, who was stung by public reaction to proposed Social Security cuts last year and appointed a special commission to study the issue, had proposed no Social Security cuts in this year's initial budget. By embracing the Domenici plan, he appears to be embracing Social Security cuts as well.

Theoretically, the Domenici-White House plan does not mandate cuts in Social Security but merely instructs the Finance Committee either to cut benefits by the specified amount or raise Social Security taxes by an equivalent amount in order to strengthen the solvency of the troubled system. But Sen. William L. Armstrong, a Republican from Colorado, a member of both committees and chairman of the Finance Committee's Social Security subcommittee, expressed the universal expectation, on Thursday, when he said, "I'd be very surprised to see us increase Social Security taxes."

Also in the new plan is a curb on cost-of-living adjustments for federal and military pensioners.

According to the Budget Committee, the cuts in the new plan for Social Security, the nonmilitary

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Strong Opposition

WASHINGTON (UPI) — Despite a prediction by Senate Republican leader Howard H. Baker Jr. that the alternative budget "will fly" when brought before the Senate sometime within the next two weeks, strong opposition has emerged among Democrats and moderate Republicans in the House.

"We're going to go after a truly bipartisan compromise if at all possible. And that means there will have to be some changes in the alternative the president endorsed yesterday," House Budget Committee Chairman James R. Jones, a Democrat from Oklahoma, said on Friday.

Rep. Jones said that the Reagan alternative "extends the unfairness of the president's February budget," by making deeper spending cuts in such programs as nutrition and education. In addition, he said, it fails to correct "unfairness" created by the tax cut enacted last year and spurs military spending. "They are really not being asked in this Republican budget to share the burden of sacrifice."

have further changed the Assad regime and bought some time in the ongoing fight with its fundamentalist foes, the Muslim Brotherhood. But the cost was high.

Diplomats estimate that between 5,000 and 10,000 people died during the February siege.

Rubble Cleared

Despite government claims to the contrary, wide patches of the city have been leveled. As much as 25 percent of Hama has been irreparably damaged. Bulldozers have already cleared the rubble from most of the Hadhr market quarter in the center of town.

In the midst of the open expanse the size of four soccer fields, a vegetable seller squatted over a pile of dirty lettuce. "They leveled the whole thing. This was all markets."

One of the city's 14th-century water wheels has been cut in half by shell fire, but most of the others miraculously escaped damage. At least eight of Hama's mosques have been leveled and row upon row of apartment buildings have been pounded almost to the ground by Syrian artillery.

A visit to Hama makes it clear that the government has not told the full story. It had said that the operation in the country's fifth largest city had consisted of only house-to-house searches for Muslim Brotherhood hideouts.

The brutality with which the Assad government put down the Hama uprising seems to have paid off for it by dealing a crushing blow to its fundamentalist enemies.

President Assad and his government are mostly members of a minority Shiite Muslim sect called Alawites. Not only are they a minority in mainly Sunni Muslim Syria, but they are considered a heretical branch of Shiite Islam.

"Hama was a catalyst," said a



Former President Carter jogged early Friday in Stockholm, where he was on a four-day visit.

Aides Assert U.S. Lags in Gas Weapons

By Philip J. Hilts

Washington Post Service

WASHINGTON — The United States must build new chemical weapons to redress the decisive military advantage the Soviet Union has to wage chemical war, administration officials have urged before the Senate Appropriations Committee.

Contradicting civilian experts who testified earlier, witnesses from the Defense and State Departments said Thursday that the U.S. chemical weapons stockpile is not enough to force the Soviet Union into "a deterrent posture" in which they would be required to put on protective gear and use decontamination equipment.

A key Senate vote on an amendment to strike out the funds for military weapons is expected by early next week.

"It is not a question of the total amount of chemical agents," said Theodore Gold, deputy assistant secretary of defense, acknowledging that there is no evidence that the Soviet Union has a bigger stockpile, or that its weapons are better deployed.

Instead, the United States lacks militarily useful weapons, Mr. Gold said. He said the most critical deficiency of American chemical weapons is that the United States has none that will reach beyond battlefield artillery range to such rear areas as airfields and supply stations.

The United States has an aerial spray tank for behind-the-lines operations, but such spraying makes aircraft vulnerable, Mr. Gold said. The Soviet Union, said Richard Wagner, assistant secretary of defense, already has additional ways of delivering chemical weapons, such as air-launched rockets and mobile missiles with a range of more than 200 miles (320 kilometers).

The Reagan administration is seeking \$705 million in fiscal 1983, mostly for defensive items such as protective equipment and troop training. About \$54 million would be for acquisition of new binary chemical weapons, so-called because they contain two separate chemicals that mix and become lethal after a projectile has been fired.

Western diplomat. "The regime has a fortress mentality. It sees the United States, Iraq and the Gulf Arabs out to get Syria."

Syria's increasingly close alliance with Iran is seen by diplomats as a short-term policy designed mainly to lead to the overthrow of Iraqi President Saddam Hussein. They say the move was made to counter the support Gulf Arabs have given the Baghdad government in its 19-month-old war with Iran.

The shock of the Hama incident has unnerved many middle-class Syrians, observers in Damascus say. Diplomats report there has been a marked increase in the number of Syrians seeking to emigrate to Europe and the United States.

Merchants in Damascus report more and more people are selling carpets and other household goods in order to be "liquid" in their assets. But the country is quiet.

Regime in Control

For the moment, diplomats said, the regime seems more firmly in control than ever.

But observers said it is impossible to know exactly how badly damaged the Muslim Brotherhood infrastructure has been, or to predict how long it would take them to regroup.

But the people of Hama have

Reagan to Offer Radically Different Plan for Arms Cuts

(Continued from Page 1)

capability of strategic weapons systems.

Besides counting launchers and warheads, administration officials have sought to take into account accuracy, missiles' launching capability or "throw weight," and the megatonnage or explosive power carried by launchers.

According to knowledgeable sources, the effort to include accuracy had already been dropped because it could not be verified, and the method of accounting for megatonnage was still a source of internal disagreement.

Participants in the deliberations have told congressional leaders that the U.S. proposal is being fashioned without regard to whether it will be acceptable to the Russians. For several reasons, observers outside the administration predict that the negotiations will

be prolonged, and they see the outcome as highly uncertain.

The administration proposal apparently will call for strategic arms reductions going far beyond those proposed by the Carter administration in 1977.

Shortly after his inauguration, President Jimmy Carter proposed a drastic departure from negotiations that had been near completion during the Ford administration, and called for major cutbacks in each side's arsenals. The plan was immediately rejected in Moscow, and the United States returned to a negotiating position along the lines that the Ford administration had pursued.

The SALT-2 treaty, completed two years later after seven years of negotiation, put on each country a limit of 2,250 launchers, with a sub-limit of 820 intercontinental ballistic missiles equipped with multiple, independently targetable warheads.

'Deception' Cited in Retrieval of U.S. Secrets

By George Lardner Jr.

Washington Post Service

WASHINGTON — Administration officials who helped draft President Reagan's controversial new order on classifying government secrets have suggested that "deception" might sometimes be justified to retrieve mistakenly released information.

"It would depend on the circumstances and what was involved," the deputy assistant attorney general, Richard K. Willard, told a House subcommittee on Wednesday.

The issue came up during a hearing before the House Government Information subcommittee on the scope of an executive order by Mr. Reagan that is to go into effect Aug. 1.

The new order would permit the reclassification of information previously declassified and disclosed if it is determined that the information "requires protection in the interest of national security and the information may reasonably be recovered."

Rep. Theodore S. Weiss, Democrat of New York, pressed Mr. Willard and Steven Garfinkel, director of the executive branch's Information Security Oversight Office, on what "reasonable recovery" might mean in light of a recent incident involving some 30-year-old Air Force intelligence records.

The records were declassified by government archivists in December for a researcher delving into U.S. relations with Israel, but then were retrieved from him under a

pretext that they were temporarily needed for record-keeping purposes. The Air Force then snipped and classified several papers. It subsequently relented under threat of a lawsuit and intervention by Mr. Garfinkel.

Mr. Garfinkel took the position that "deception" was perhaps too strong a word to use in that particular case. Mr. Weiss disagreed, then asked whether Mr. Garfinkel thought deception a "reasonable course of action" to get back information the government wants to reclassify.

"Ordinarily no, it is not reasonable," Mr. Garfinkel replied. He

replied in similar fashion about the use of "force" or "illegal entry," saying that "ordinarily" such steps would not be reasonable but adding that he would not want to rule them out completely.

Mr. Willard said he did not think illegal entry or "unauthorized force" would be reasonable, but for "deception," he said "it would depend."

The new reclassification rule supplants one issued in 1978 that states that "classification may not be restored to documents already declassified and released to the public."

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Walter Baird, 73, Developer Of Scientific Gear, Is Dead

The Associated Press

LEXINGTON, Mass. — Walter S. Baird, 73, founder and chairman of the board of the Baird Corp., a leader in the development and manufacture of scientific instruments, died Tuesday in Tucson, Ariz.

In 1937, he developed the first commercial grating spectrograph that could analyze elements as revealed by light wavelengths. The instrument is now in the Smithsonian Institution.

Herman T. Schneebeli

WASHINGTON (WP) — For-

mer Rep. Herman T. Schneebeli, 74, who served 16 years in Congress and was the ranking Republican on the House Ways and Means Committee, died Thursday in Philadelphia.

Robert Littlejohn

WASHINGTON (AP) — Retired Army Maj. Gen. Robert McGowan Littlejohn, 91, quartermaster for U.S. forces in Europe in World War II, died Thursday.

Howard Fehl

NEW YORK (UPI) — Dr. Howard Fehl, 80, a founder of the New Math, died Thursday.

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Assad Appears Stronger Since Siege of Hama

By Vincent J. Schodolski

United Press International

HAMA, Syria — The weary old man stood atop a pile of rubble and gestured toward the horizon. "What happened here has happened nowhere else in the world," he said.

As he walked slowly down the narrow lane next to the shell and bullet-riddled remains of the 18th-century Azem Palace he talked about the death of his brother and two sons by government troops. He looked toward the sky. "God saw it. We're counting on God."

"This once gentle city of waterwheels and delicate gardens along the banks of the Orontes River lies in ruins three months after the forces of President Hafez al-Assad fought for three weeks with a band of Muslim fundamentalist rebels."

The siege of Hama seems to

Terrorist Charges Denied by Assad

Reuters

PARIS — Syrian President Hafez al-Assad was quoted Friday as denying his government was involved in a Paris bomb attack or the assassination of the French ambassador to Lebanon.

France expelled two Syrian diplomats after the car bomb killed one person and wounded 60 last month, and Western diplomats have said Paris blamed Damascus for the murder of Ambassador Louis Delamare in Beirut in September.

But Mr. Assad was quoted in an interview with the Paris-based Arabic weekly Al-Mustaqbal as saying: "The French government knows perfectly well Syria had no role in these attacks."

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Dialogue in Poland?

The Polish Communist regime's effort to cheat its way back into the toleration of the Polish people and the international community fell apart in the streets the other day.

The regime had made a great display of "normalization," releasing some of its thousands of political prisoners (who are too often called "internees"), relaxing the curfew and muzzling about a "national dialogue." On Monday, however, in Warsaw and other Polish cities, tens of thousands of citizens demonstrated against martial law. They were met by police violence; scores were injured, and 1,300 detentions were reported. So much for any hope of inducing the Polish people to forget about their lost liberties and to cooperate, however sullenly, with General Jaruzelski's police rule.

And now? Archbishop Jozef Glemp, for one, still seems to believe there is a negotiable way out of the crisis the Communist authorities created last December when they shut down Solidarity. He blames "extremists" for the current impasse — the government's for relaxing martial law too little, and Solidarity's for pushing protest too hard. Cardinal Glemp is the most credible voice in Poland arguing for a dialogue and a political

compromise between the narrowly based, Soviet-supported regime and the people, whose allegiance to their chosen representatives in Solidarity remains strong.

There is the real possibility, however, that the "extremists" on the Communist side will take the demonstrations not as proof that normalization had lagged but that it had gone too far. Nor can it be doubted that some in Solidarity figure that there can be no worthy compromise with the regime, only a tightening test of wills. So it could happen that before either side reaches out further to the other, both will intensify their internal debates. This makes the moment fraught with fresh uncertainty.

For Solidarity, as for its friends outside Poland, however, the test must be whether martial law is rolled back and whether Solidarity itself is allowed a role commensurate with its standing among its constituency. Until that happens, there will be little taste in the West for providing Poland with a measure of cooperation, especially the cooperation essential to its long-term economic revival. That should be clear by now to everyone in Poland, including Gen. Jaruzelski.

THE WASHINGTON POST.

The Neglected Debate

Defense Secretary Caspar Weinberger seeks to fend off more serious assaults on his huge budget by acknowledging that the rise in military spending might have to be slowed. With military debate stuck at that level, the deeper questions are ignored: Is the overall strategy coherent? Are the forces and the weapons necessary?

There is reason to believe an adequate strategy could be financed for less than the administration's projected spending of \$143 billion over five years. In a Brookings Institution study, Prof. William Kaufmann of the Massachusetts Institute of Technology, who has advised five defense secretaries, argues convincingly for a strategy that would cost \$130 billion less while providing adequately for national security. He would provide full funding for the long under-funded "baseline," the one-and-a-half-war force goals of the mid-1970s, with additions to counter increased dangers in the Gulf region.

Weinberger, however, has argued that the armed services need more of "almost everything." In addition to the defense of Europe, South Korea and the Gulf, the administration's strategy would prepare for "horizontal escalation" — extended conventional wars against Soviet vulnerabilities in several other regions at the same time — as well as "vertical escalation" to nuclear arms. The added forces, weapons and supplies that the Joint Chiefs say would be required could push up spending by another 50 percent.

For example, some \$90 billion would be spent over five years on modern munitions in pursuit of a 90-day war supply, instead of the prior 45-day goal. And the Navy would spend an added \$27 billion in building up from 450 to 600 ships and from 12 to 15 carrier battle groups.

Yet it is not likely that larger American munitions stockpiles would raise the nuclear threshold in Europe, nor supply NATO allies have as little as 10 days' supply of critical items. The proposed naval buildup would provide only a fraction of the seaborne air power needed successfully to carry out Navy Secretary Lehman's proclaimed strategy of attacking the Soviet fleet in its lairs at Murmansk and Vladivostok.

Prof. Kaufmann suggests, instead, retaining the 12-carrier Navy and shifting the emphasis in shipbuilding to the frigates needed to convoy military supplies overseas. His enlarged "baseline" force goals, he argues, are adequate preparation for a major war in Europe, yet meet lesser threats in Korea and the Middle East. He would also drop the B-1 bomber and the new continental air defense plan and defer the MX missile.

Such suggestions are clearly open to debate, but the budget negotiation is the wrong place for it. Even the Kaufmann proposals would yield only marginal reductions in the total deficits. The problem, as Gen. Maxwell Taylor said the other day, is that the administration and Congress are not confronting strategic issues either in the current budget negotiations or anywhere else.

There is a clear need for something like the annual presidential strategic review that Gen. Taylor proposes. A defense strategy requires priorities and cost-risk trade-offs — the very choices that are not now being made. But instead of a more coherent strategy, Secretary Weinberger offers only token cuts.

The right strategic question is not how much to spend for defense, but what kind of defense the United States needs. The reluctance to address it is dangerous.

THE NEW YORK TIMES.

Clichés That Bring More Heat Than Light

By Flora Lewis

BERKELEY, Calif. — The debate on foreign policy as well as nuclear affairs is swelling across the United States, after years when an apparently indifferent public left these issues to specialists. It is particularly impressive to find a lively interest in European affairs in California, the Reagan political base and traditionally much more concerned with the Pacific.

The evidence does not support the widespread European impression that Americans don't care much about allies these days. But the introspective years, and the tenor of administration talk, do seem to have left a gap of understanding, a polarized sense that if things are not clearly going one way, the opposite must be true.

People ask whether the allies are going to "shape up," and suggest that if not, the United States should break relations; or they ask whether Europeans are getting ready to assert independence and refuse American "dictates."

Nelson Polsky, a respected professor of political science in Berkeley, charges that the allies "want it both ways," as though there were some kind of selfish perversity in wanting both freedom and peace, both American support for common defense and continued American acceptance that another war in Europe would be catastrophic for everybody. Isn't that also what the United States wants?

The lucid, carefully reasoned Foreign Affairs article by the "Gang of Four" senior ex-officials calling for a study of the policy renouncing first use of nuclear weapons makes mutual interest clear. West Germany must rely on U.S. nuclear protection because nobody wants Germans to make atom bombs. "We Americans should recognize," they say, "that this relationship is not a favor we are doing our German friends, but the best available solution of a common problem."

In the choice between war and peace with liberty, nobody "wants it both ways." Clichés bring heat without light to the debate. Jargon words, like old brand names on a new product, are subtly redefined so that essential meaning is distorted.

Deterrence is called "a failure" for not preventing the Soviet arms buildup, a view advanced by Secretary of Defense Caspar Weinberger. But in fact there has been no change in the basic NATO purpose to deter any attack by a Warsaw Pact member on any NATO member. That has been a total success. No more was ever implied. Deterrence seems now to be understood as

some kind of "rules of the game" (made in Washington) in which Moscow pledged to keep out of any areas not already clenching in its fist. In fact, the 1972 Nixon-Brezhnev Moscow declaration recognized common interests in avoiding head-on conflict and led to many increased contacts, without promising more.

There are all kinds of either-or propositions going around. The public can hardly be blamed, because that is the kind of talk that people have been hearing now that they are tuning in to the big international questions again.

Even so self-conscious and intellectual a person as Norman Podhoretz, writing in The New York Times Magazine, expresses "no-conservative disappointment" with President Reagan's foreign policy, not because it isn't producing anticipated results but because it isn't steadily taking the campaign line that goes, "They can't push us around anymore — we'll push them."

He had placed "high hopes" in Mr. Reagan, he said, because the campaign argued that America had lost "the principles through which we had become the most productive, the most prosperous, the strongest and the most respected nation

on earth; it was up to us to rediscover and recede ourselves to them."

The implication was that the rather brief period of unchallenged American dominance that Henry Luce once exuberantly called "the American century" came about spontaneously, regardless of what two World Wars, the breakup of empires and transition to the second industrial revolution did to the relative position of the traditional powers. Small wonder the public feels pressed to choose between clichés that blur instead of clarifying.

The nuclear debate, faithful in itself, is also inevitably a foreign policy debate because international security is the only reason for the weapons. The task of statesmanship is not to sell pet schemes but to build broad public understanding of what the issues involve so that long-term policy decisions can claim enduring support.

The task of opposition is not to offer emotionally satisfying contradictions to emotional appeals for strength and austerity. It is to force the argument to take clear account of complex realities and give the public the means for rational decision. If the outcome of the debate is a bad decision, either way, it will be a long time if ever before there is a chance to reconsider.

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When the Timetables Work Out So Very Neatly for War

By George F. Will

WASHINGTON — In the years immediately preceding that great calamity of Western civilization, the First World War, French railway wagons bore this marking: "40 men or 8 horses." That was a military marking, evidence of a fateful military doctrine — not just a French doctrine. Other nations' railway wagons bore similar markings. The story of these markings demonstrates — as does the Falklands crisis today — that military measures can acquire a logic of their own.

A.J.P. Taylor, a British historian of distinction (and some perversity) wrote a slender book that should be in the briefcase of every statesman: "War by Timetable: How the First World War Began." It was supposed to be impossible for a big war to begin. The Franco-Russian alliance was balanced by the Austro-German alliance. Both were defensive, to be operative only in the event of an attack. So World War I (and hence World War II) could not happen. It was clearly impossible.

But in 1914 all the continental powers used conscription to generate huge standing armies. Military planners knew they could have millions of men moving to some front quickly. And they had to plan for such movements. A general wrote, "Improvisation when dealing with nearly 3 million men and the movements of 4,278 trains, as the French had to do, is out of the question."

Because mobilization was such a gargantuan undertaking, it had never been undertaken. It could not be practiced, so no nation knew how to begin mobilization and then stop short of war. Plans assumed that civil life would proceed normally during a mobilization, so they devised incredibly intricate railroad timetables for the movements of millions of men. No one planned how to modulate mobilization, or how to prevent the convergence of millions of men on a particular front from making war all but inevitable.

A few days before the war actually began, the Kaiser believed diplomacy might prevail, so he told his military commander to stop the mobilization against France. The commander replied that it would be impossible because it would require re-routing 11,000 trains.

German planners had this problem, according to Taylor: "Four armies must pass through Aachen, the only railway junction. It was impossible for all four armies to mobilize in Aachen and then wait for the declaration of war. The first army must mobilize and be on its way before the second arrived, and so on."

So physical facts made a "successful" mobilization flow into war. The European powers were

trapped by the ingenuity of their mobilization preparations. And the ingenuity was necessitated largely by railway systems.

It is idle to dwell upon how different the world would be if Europe had not had such a meshing of military doctrines and transport capability — the quick movement of huge infantry, 40 men or 8 horses per car. A Romanov might be sitting in the Kremlin.

But it is not idle to study such examples of the logic of military events. For example, a fleet dispatched is apt to reach its destination, and then is apt to use force to do what it was dispatched to do — project power to work the will of those who dispatched it. Then

the dialectic of force puts diplomacy at a disadvantage.

The British have been right to use force. Britain's critics have been wrong to be surprised that Britain has done so. All the same, there is an understandable sense of unease about the seeming anomaly of military events.

In the Falklands crisis, the analogy with 1938 has been pressed, and with reason: Dictators must be resisted. But another analogy is 1914, when events in a (then) distant corner of Europe — the Balkans — allowed small countries to unleash large events that meshed large nations.

Events today must make the two superpowers feel something short

of super. The United States has been a hostage of events around the Falklands. And only those events are distracting world attention from the stirrings of the Polish nation against its tormentors.

The Soviet Union must be presumed to be still governed, in some sense, by a tyrant so feeble that he must periodically totter into public view just to silence speculation that he is dead. He has a 65-year-old and has never had what could be regarded as a legitimate succession.

It used to be said that the Balkans produced more history than they could consume locally. The same might be said today of Eastern Europe — where both world wars began — and the Falklands.

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How Argentina (and Others) Blundered Into Trouble

By Joseph Kraft

WASHINGTON — The United States will probably pay a price for the fighting around the Falklands, so it is important to understand why its diplomatic efforts to avert conflict failed.

In retrospect, a different U.S. approach comes easily to mind. Washington could have asserted its position, instead of having it emerge slowly as events developed. In that case, two pieces of information would have been communicated to London and Buenos Aires at the outset of the crisis in March.

First, it would have been known that the United States is bound so closely and in so many different ways to Britain that in the crunch no separation was possible. If it came to fighting, Washington was sure to help London.

Secondly, it would have been known that, whatever the merits of the case, Washington considered Argentina the aggressor in the Falklands. Thus the United States could not possibly support Buenos Aires under the Rio Treaty.

In Britain, foreknowledge of those realities would have made

little difference. Once Margaret Thatcher decided to make seizure of the Falklands more than a joke, her government had to move in the direction of military action or fall from power. The conditions in the South Atlantic dictated that military action be taken swiftly, not long postponed. Thus, while Britain could afford to talk about negotiations, the big margin for maneuver was with Argentina.

The Argentine decision-making apparatus involves wheels within wheels within wheels. Gen. Leopoldo Galtieri may be the president and the leader of the military junta, but he has to check decisions with colleagues in the navy and the air force. He is also subject to veto by corps commanders and other army officers. All the military, moreover, works against the background of a possible return to power by civilian Peronists.

Had Buenos Aires known the final U.S. position in advance, they would have had a month to work out a deal among themselves. They

might have come up with a formula that would have let Mrs. Thatcher call off the dogs of war.

As it happened, the United States dealt only with Gen. Galtieri and his foreign minister, Nicor Costa Mendez. Several different proposals requiring quick answers surfaced against an ambiguous background of what would follow. Twice Galtieri seemed to have agreed, but he could not win the approval of his colleagues in the junta. The Argentine leadership — living in a remote part of the world, cut off from realities and unused to making quick decisions — proved unequal to the peril it faced.

The United States cannot legitimately be blamed. The Reagan administration made a good-faith effort to avoid war. It operated under plausible assumptions about the Argentine leadership. It showed enormous patience. It risked relations with the closest U.S. ally to save the bacon of an indifferent friend. Indeed, if Mrs.

Thatcher proves unable to consolidate early military gains and is left to twist slowly in the gales of the South Atlantic, many in Britain and elsewhere will find fault with the United States.

But that record, however decent, is not going to cut ice in Latin America. Brazilians, Mexicans, Venezuelans and Chileans do not love the Argentines. They detest Argentine arrogance and live in fear of mass-based Peronism.

But they also resent the United States and its dominant economic position. They look for grievances against Washington. So Americans will be made to carry the can for what the British have done. We will not soon hear the end of complaints that the United States was a bad neighbor, lacking in hemispheric solidarity and favoring the imperialists.

However, the true source of difficulty was in Buenos Aires. The Argentine military leaders were not up to their responsibilities. In crisis they lacked poise, and blundered into war.

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Letters

Petty Concerns

Omer Kanca asks from Geneva (Letters, March 11) if the weakness of the United States in international affairs has not always been to be the "slave of petty concerns and ethnic pressures that overlook national interests and global responsibilities."

General J.W. Donaldson, at 68 rue du 19 Janvier, 92380 Garches (France), can provide the writer with a list of U.S. military cemeteries in France and elsewhere in Europe. To paraphrase from a monument at one of them: In Flanders field where the poppies grow, Mr. Kanca can count the crosses row by row.

HARRISON SMITH, Lens-Lestang, France.

Nuclear Power

It is difficult to justify, in the name of public interest and enlightenment, the column (JHT, April 6) by Harvey Wasserman and Norman Solomon, which retreats preposterous allegations of health hazards near nuclear power plants. These hoary tales of atomic stillbirths and wilting orchards have been thoroughly analyzed and cannot be linked to radiation levels associated either with the normal operation of these plants or with the accident at Three Mile Island.

The careful reader will note that not even Wasserman and Solomon dare claim that this linkage exists. Their sole purpose, it seems, is once again to create a

public scare and to hype a book. Fortunately, there now exists a scientific consensus, affirmed by America's premier panel of experts (the Committee on the Biological Effects of Ionizing Radiation of the National Academy of Sciences) that nuclear electric power production poses no undue radiation risk to man or to the environment.

PAUL TURNER, Atomic Industrial Forum, Inc., Washington.

Piecemaking?

The total lack of U.S. understanding for the Argentine position in the conflict for the islands in the South Atlantic Atlantic leads one to believe that Mr. Haig never heard of the Monroe Doctrine, which can be summarized as proclaiming that "America belongs to the Americans."

As it happens, the results of recent U.S. peacemaking diplomacy have usually benefited the Soviet Union, as in 1956 when the (Dulles) intervention in the Suez crisis opened the way for the Russians to Nasser's Egypt and to Africa, while allowing them to reconquer Hungary.

U.S. peacemaking (Kissinger) served Cambodia and Laos, in addition to Vietnam, on a silver platter to Moscow.

U.S. diplomacy (Vance) created a power vacuum that benefits the Russians in the Gulf area.

This time, U.S. diplomacy (Haig) will drive the yet uncontaminated countries of Spanish-

America into the arms of the Kremlin. In a word, each time we make peace, they grab a piece.

R. de PALAGYI, Paris.

From the Right

Regarding "The U.S. Left: Options for a Wider Alliance" (JHT, April 1): The word "democracy" has long been simply a euphemism for oligarchy (government by the mob). The writer, who is national chairman of the Democratic Socialists of America, solemnly assures us that the motley membership of this group is not made up of bank robbers but of respectable people who have "made the democratization of corporate control of investment their key domestic priority." Apparently, their thorough wealth or violence is outmoded and will be replaced not with anything so crude as terrorism, but with theft by the law, backed up of course by the police power of the state. Soviet Russia, here we come. But who will now feed us?

RAYMOND V. McNALLY, London.

Other Media

Concerning the Rex Morgan War, I would like to add my two cents' worth. Rex Morgan is still-ifying. I am all for Garfield or any similar strip. If Ms. Takacs (Letters, April 15) misses soap, she should listen to the Archers on the BBC, or watch Dallas on French television.

E.M. BURIN, Paris.

Spoiling a Legacy of Korean Friendship for America

By Donald L. Ranard

WASHINGTON — Since the burning of the American Cultural Center in Pusan on March 18, the United States is confronted with anti-Americanism unparalleled in the 100 years since it opened diplomatic relations with Korea. The tragedy is that the anger arises in the Asian country in which Americans have been most widely admired and respected.

Hardships shared by American missionaries during the long, harsh Japanese occupation earned for them an affection that still continues. American troops' sacrifices during the Korean War added to that strong feeling of trust and kinship.

During the student uprising against President Syngman Rhee in April, 1960, young Koreans went out of their way to protect American missionaries and their property. They were responding to the U.S. Embassy's sensitive call for "a settlement of justifiable grievances toward which the demonstrations are directed."

In an unusual action, that same embassy's leaders a year later publicly opposed Gen. Park Chung Hee's coup. I was a member of the staff, and still recall the South Korean public's warm reaction to our identification with their aspirations for democracy.

Today a new generation of Koreans sees America through increasingly critical eyes — understandably. Eighteen years of support for the late Gen. Park's rule, and equally lavish assistance to his successor, Gen. Chun Doo Hwan, has eroded America's image. However much the Reagan administration seeks to justify Gen. Chun's 1981 visit to Washington as part of a deal to save the opposition leader Kim Dae Jung from execution, it was the first of many signs of tolerance of repressive government that young Koreans noted.

Not that there was all that much sub-

stance in the Carter administration's human rights policy toward South Korea. The State Department's reluctance to seek prompt progress toward democratic reform after the assassination of Park in October, 1979, and its unwillingness to intervene in the bungled accompanying civil rebellion in Kwangju in May 1980, left a legacy of distrust and suspicion.

The status of human rights in South Korea is no better today than in December, 1979, when Gen. Chun unlawfully took over. According to the North American Coalition for Human Rights in Korea, the recent large-scale amnesty left most political prisoners in jail. There is a growing feeling among Korean intellectuals and students that U.S. forces are there more to protect American investments and trade than to defend their freedom.

Anti-Americanism also looms elsewhere

in the Pacific. "It was not so long ago that American arms were seen as something noble and liberating by Filipinos," says a letter from a prominent church leader in the Philippines to one in America. "For us then, the American soldier was a civilized, trusted warrior — our liberator! Our youth no longer see America in a liberating role but as one who arms our soldiers to kill their brethren."

Washington errs if it ascribes the Pusan arson to communism, as Seoul seeks to do. The need is to adjust policies to reflect the traditions and values of freedom that once brought America such great respect from its Korean friends.

The writer, a retired diplomat, directed the State Department's Office of Korean Affairs from 1970 to 1974 and is now director of the Center for International Policy, a human rights organization. He contributed this comment to The New York Times.

A Color Postcard From Easter:

ROME — I enjoy watching the aftermath of a celebration as much as the ceremony itself. I enjoy watching workmen dismantling decorations or setting right the havoc left by guests. And I enjoy watching the guests themselves in the stage between finishing one affair and going onto the next. So I purposefully waited by the radio at home until Pope John Paul II had finished delivering his Easter message to the world before I took the metro to the Vatican.

In his speech, the Pope remarked on the millions each year who die of hunger but who could be rescued if nations would reinvest the resources which they foolishly spend on armaments.

It was about two o'clock when I got off the metro and wandered in a maze of tour buses and flocks until I came to the piazza in front of St. Peter's, crowded with the very audience (now dispersing) to which John Paul II had spoken.

There I heard snatches of the Roman dialect, the Neapolitan dialect, cockney English, Swiss German, several American accents, Urdu, Australian English, African French, Ethiopian Italian, Chinese, Tagalog, Spanish. A Sicilian peddler of holy medals and key chains accosted a Swedish tourist in Swedish before the tourist had uttered a word.

As I made my way through the piazza, I noticed:

— Five hundred young men wearing boots, jeans outside the boots, polo shirts, mirrored sunglasses and digital watches.

— A blond woman in turquoise shoes, turquoise socks, a turquoise mini skirt, a turquoise blouse and a turquoise jacket with a black leather tube 10 inches long strapped to her belt from which

she produced a black telephone lens for her black Nikon.

— Entering St. Peter's, I looked above the main door and saw two columns sheathed in red velvet flanking the loggia from which John Paul II had spoken. In the doorway I noticed a young man and his wife warmly lifting a baby stroller over the doorstep, their child toddling laboriously behind.

— Inside the basilica, I saw: — A boy running under the nave with a yellow helium balloon tied to his wrist.

— St. Peter (recessed from a pagan bronze) looking more like Zeus than the Fisherman.

— Gregorio XIII seated with a marble pillow at his feet, flanked by Athena (right) and an unidentified woman (left) who carried a Ten Commandments-type tablet.

— A 2-year-old in purple overalls pulling over one of the temporary seats through which ran a chain that roped off the main altar from the floor of the church. Her older sister gave her a few slaps which she seemed not to notice; the post remained on the floor.

— The light from the windows above the altar catching in the gold leaf of the statues and changing color to suffuse the surroundings in rose and fuchsia.

— Outside again, I saw: — A man, his hands clasped together as though in prayer, gesturing violently toward the basilica and making throaty sounds of frustration and revulsion.

— His wife, whom he ignored, trying to lead him in the direction of the tour buses.

— Stragglers from a peace demonstration who told me the may-or and the chief rabbi of Rome as well as Lord Philip Noel-Baker. Nobel Peace Prize recipient in 1959, had spoken at their rally. Noel-Baker had spoken in particular on the injustice of nations speeding more on weapons than on their poor and starving, they said. The Vatican had not endorsed the protest, and none of the thousands of marchers had been identifiable as a nun or a priest.

I went back home to the radio. The news reported that as E.M.S. Invincible steamed toward the Falkland Islands, Prince Andrew, a helicopter pilot aboard the carrier, would host a talk show which would provide an opportunity for listeners to phone in their questions. And I spent the rest of Easter Sunday speculating on the aftermath of that.

— Paul G. Heller

May 8: From Our Pages of 75 and 50 Years Ago

1907: Well-Traveled Officer Dies

NEW YORK — Maj.-Gen. Henry McIver, soldier of fortune, who fought under 18 flags, is dead. He had served as an ensign in India in the Sepoy mutiny, as a lieutenant in Italy under Garibaldi, as a captain in Spain under Don Carlos, as a major in the Confederate Army on the staffs of Generals Stonewall Jackson and J.E.B. Stuart, as a lieutenant-colonel under Emperor Maximilian in Mexico, as a colonel under Napoleon III, in the Franco-Prussian war, as an inspector of cavalry for the Khedive of Egypt, and as a major-general under King Milan of Serbia. He had served in the 10 years' war in Cuba, in Brazil, in Argentina, in Crete, in Greece and in the two Carlist revolutions in Spain.

1932: Ex-Interior Secretary Fall

WASHINGTON — Albert B. Fall, former secretary of the interior, convicted of accepting a bribe in connection with the leasing of government oil lands, will be released from the New Mexico state prison with the arrival of an amended commitment that will eliminate the payment of the \$100,000 fine before his release. It was expected that the former cabinet officer would be freed on May 8, but the fact that he had neither paid the fine nor signed a pauper's oath will delay his release one day. He started on his sentence of a year and a day on July 20, 1931, and has become eligible for release with time off for good behavior. Fall, who was taken to prison in an ambulance, is 71 years old.

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U.S. Backs New Laser Treatment for Eye Disease in Elderly

By Robert Reinhold

New York Times Service

BETHESDA, Md. — A new laser procedure has proved so effective in treating the leading cause of blindness among the elderly that the National Eye Institute has ended clinical tests and urged immediate treatment for all potential patients.

The treatment, which takes 10 minutes, is almost useless if not applied within a few weeks of the onset of symptoms of neovascular senile macular degeneration.

The disease can cause loss of vision when tiny blood vessels grow into and displace the macula, the thumb-sized structure that controls central vision in the eye's light-sensitive lining. The treatment, costing about \$950 an eye, uses an argon laser to seal off these abnormal vessels, thus preventing the bleeding, scar formation and nerve damage that impairs vision.

"We believe that these findings may save as many as 13,000 older Americans from going blind in the next year," said Dr. Carl Kupfer, director of the eye institute, at a press conference Thursday.

That would mean that the expected nationwide incidence of blindness can be reduced by almost 14 percent over the next year.

Blurred vision, distortion and blank spots in the central vision are early warning symptoms of leakage, said Dr. Stuart L. Fine of the Wilmer Institute at the Johns Hopkins University, chairman of the study. "The likelihood of finding blood vessel leakage that is treatable with the argon laser is considerably higher if a patient is seen within the first few days after the onset of these symptoms."

Laser in Common Use

Senile macular degeneration — SMD for short — is a function of aging and affects about 10 million people over age 50. Vision loss is most likely among up to 20 percent of those who develop the abnormal new blood vessels, a form of the disease called neovascular SMD. Of roughly 500,000 legally blind Americans, about 104,000 are so as a result of neovascular SMD. The eye institute estimates that 93,000 could have avoided or delayed blindness with laser treatment.

The argon laser is already in common use throughout the United States for treating other eye diseases, such as diabetic retinopathy and certain forms of glaucoma. After 18 months of followup in the five-year institute study, 60 percent of the untreated eyes suffered severe visual loss compared with only 25 percent of the treated ones.

The treatment offers no help to the untreated patients now because the damage is irreversible. The results demonstrated that early treatment is essential. Of the cases in which diagnosis was made within two weeks of onset of symptoms, 83 percent were still treatable. In contrast, only 10 percent could be treated if five to six months had elapsed.

The experts urged elderly persons to perform a daily home check on their eyes. Since SMD usually develops in one eye first and then the other some years later, it is possible for the symptoms to be overlooked because the healthy eye masks them. Therefore, Argue Hillis, the project's statistician, suggested that people perform the following test daily:

Pick out a straight line, such as a door frame or telephone pole. Cover one eye and see if the line is still straight. Then check the other eye. If the line ever appears bent or distorted, or if a blank spot appears, see a doctor.

Outpatient Treatment

Dr. Kupfer said that 90 percent of blindness caused by neovascular SMD was potentially preventable and that hundreds of thousands of others could be spared lesser visual loss, such as blindness

in one eye. The therapy does not cure the underlying disease.

The treatment is relatively comfortable, usually done on outpatients. The eye is anesthetized and the laser beam is applied. A patch is put over the eye for a few days. It is several weeks before the results are fully known. Dr. Fine said only one of the 224 treated patients suffered complications — bleeding that led to severe visual loss.

Neovascular SMD is somewhat more common among women. People with blue eyes and light coloring are at greater risk than average, and the condition is rare among black Americans.

The disease usually starts with tiny white or yellow lumps, called drusen. In 80 to 95 percent of cases, the condition does not advance beyond this stage, which causes no visual impairment. But in other cases, the membrane that connects the retina to the underlying layer of blood vessels begins to break down. New blood vessels grow, leaking fluid into the light-sensitive nerve tissue, killing the cells.

The victim will begin to see straight lines as wavy or crooked, and then a blind spot emerges in the middle of the field of vision. This process occurs very rapidly, with the fovea sometimes destroyed within a month or two.

White House Opposes Congressional Bids to Curb Supreme Court

By Jim Mann
and Ronald J. Ostrow
Los Angeles Times Service

WASHINGTON — The Reagan administration has registered its opposition to congressional proposals to limit the power of the Supreme Court, warning that the measures could reduce it to a "position of impotence."

However, in a pair of letters from Attorney General William French Smith to congressional leaders Thursday, the administration maintained it would be constitutional for Congress to curb the authority of the lower U.S. courts, if Congress wishes to do so.

The attorney general said he believed that an anti-busing bill pending in Congress was unconstitutional because it restricts only the lower courts. He did not say whether a separate bill to strip the Supreme Court of its authority to hear school prayer cases would pass constitutional muster.

Mr. Smith's letters broke the administration's yearlong silence on efforts by conservative lawmakers to restrict the power of U.S. courts in certain kinds of cases — particularly those involving abortion, busing or school prayer. Those proposals have been vehemently attacked by the American Bar Association.

"The remedy for judicial overreaching ... is not to restrict the Supreme Court's jurisdiction over those cases which are central to the core functions of the court in our system of government," Mr. Smith wrote.

Mr. Smith's letters were responses to requests in Congress for the Reagan administration's views on two specific bills: an anti-busing measure and a school prayer bill. Both proposals would curb the power of the courts.

One bill, which was passed by the Senate in March and is pending in the House Judiciary Committee, would forbid U.S. judges from issuing orders to transport a child to a school more than five miles or 15 minutes from the child's home.

In arguing that the bill was valid, Mr. Smith wrote: "The bill itself does not prohibit all busing. It restricts the authority of only the lower federal courts to order busing within specific limits. It does not affect state court or U.S. Supreme Court jurisdiction, or the jurisdiction of the lower federal courts to hear desegregation cases."

On school prayer, proposed legislation, now pending in the Senate Judiciary Committee, would strip the Supreme Court of its power to hear appeals in cases involving voluntary prayer in public schools or buildings.

The attorney general was much less specific on the prayer bill, saying that the administration would carry out its obligation to defend the constitutionality of the bill if passed by Congress. But Mr. Smith said that before enacting the bill, Congress should consider the principles he advocated concerning the power of the Supreme Court.

Reagan Endorses Plan For Prayer in Schools

By Herbert H. Denton
and Marjorie Hyer
Washington Post Service

WASHINGTON — President Reagan told ministers, rabbis and priests gathered in the White House Rose Garden that he intends to propose to Congress a constitutional amendment that would allow prayer in public schools.

Urging a reawakening of "America's religious and moral heart" and the protection of religion from "government tyranny," Mr. Reagan on Thursday reiterated his long-held belief that the Supreme Court has been wrong in consistently ruling over the last 20 years that the state may not include prayers in public school curricula.

"No one will ever convince me that a moment of voluntary prayer will harm a child or threaten a school or state," the president said.

"But I think it can strengthen our faith in a creator who alone has the power to bless America."

Mr. Reagan's remarks, and a White House fact sheet released for the event, were careful to stress that the proposed amendment being drafted by the Justice Department would allow only voluntary prayer. Administration spokesmen argue that this would not conflict with First Amendment guarantees of freedom of religion.

Helm's Bill Questioned

Meanwhile Thursday, Attorney General William French Smith said he has questions about the constitutionality of a bill sponsored by Sen. Jesse Helms, Republican of North Carolina, to deny federal courts power to rule in school prayer cases. But Mr. Smith said that, if the bill became law, the Justice Department would enforce it.

Mr. Reagan's proposal for a constitutional amendment was a gesture to conservatives who have grown increasingly restless as the White House relegated so-called social issues to a back burner while emphasis was given to budget and economic battles. Prayer in schools is perhaps the least controversial of such issues, which include school busing and abortion.

Mainstream churches and synagogues have battled the idea of a school prayer amendment just as zealously as conservative evangelicals have fought for one.

Religious leaders representing about 60 national Protestant, Eastern Orthodox and Jewish groups outlined their objections in a statement Thursday.

• The First Amendment of the Constitution prohibits public schools "from fostering religious practices or beliefs."

• A least-common-denominator prayer that would be acceptable to all "trivializes prayer by robbing it of depth and meaning."

• Religious instruction is the responsibility of the religious family and the religious community.

One of the most outspoken critics of Mr. Reagan's proposal Thursday was the Rev. James Dunn, executive director of the Southern Baptist Convention's Joint Committee on Public Affairs.

"It is despicable demagoguery for the president to play petty politics with prayer," said Mr. Dunn.

"He knows that the Supreme Court has never banned prayer in schools. It can't. Real prayer is always free.... What the court has done is protect religious liberty."

Proponents of a prayer amendment stress the voluntary aspect of such legislation. "We're on the record for voluntary school prayer," said Forest D. Montgomery, legal counsel for the National Association of Evangelicals. But he acknowledged that "it's a very delicate situation. You've got to be sensitive to all faiths and beliefs."



President Reagan and his wife, Nancy, in prayer after Mr. Reagan announced his support for a proposed constitutional amendment that would allow voluntary prayer in public schools.

Sirhan to Seek Parole With Televised Plea

From Agency Dispatches

SOLEDAD, Calif. — Sirhan B. Sirhan, convicted of the assassination in 1968 of Sen. Robert F. Kennedy, has been given approval to make a televised plea that he has paid his debt for the killing and should be paroled.

The broadcast on Monday will be Sirhan's first statement to a worldwide audience since he shot Sen. Kennedy in a Los Angeles hotel the night that the senator won the California presidential primary. Television viewers in the United States and other countries will see edited segments of the statement on major U.S. television networks.

The decision to let Sirhan speak — but not face cross-examination — was announced on Thursday by his attorney, Luke McKissack. Under parole hearing rules, any inmate is entitled to make a closing statement in his own behalf. He can also testify and submit to cross-examination.

Reading a written statement, Sirhan will be the last speaker at a 10-day California parole hearing considering demands by Los Angeles County District Attorney John Van de Kamp that the state cancel a September, 1984, parole it has set for Sirhan.

Testimony in this special proceeding ended on Thursday after 30 witnesses had been called over nine days. Now the parole board will hear final statements by attorneys, with Sirhan's statement at the conclusion of the hearing.

The chairman of the Board of Prison Terms, Raymond C. Brown, who is presiding over the three-member panel conducting

the hearing, said that the matter would be examined after Sirhan made his statement, with the board's written decision to be issued in about 10 days or two weeks.

Sirhan will be seen on television because NBC won a court order allowing it to tap into closed-circuit television of the hearing at Soledad Prison, 120 miles (192 kilometers) south of San Francisco. At the outset, cameras were barred. After NBC won the right to access, it was granted to other major networks.

Mr. McKissack said that the hearing had discredited charges by Mr. Van de Kamp that Sirhan threatened the life of the late Sen. Kennedy's brother, Sen. Edward M. Kennedy, a Democrat from Massachusetts. Mr. Van de Kamp's argument was based on information from convicted informants that has been discredited at the hearing.

Death Threats

Deputy Los Angeles District Attorney Larry Trapp said that the state had made a mistake when it made its decision in 1975 to free Sirhan. He said that the board at the time did not know of letters Sirhan had written in 1971 and 1975 making death threats against an author and a prison official.

Mr. McKissack said that Sirhan would make the final decision on the contents of his 15-minute statement. "Sirhan is not going to win a popularity contest. But destroying promises of parole going to create havoc in our prison system. That is why I have entered this case," he said.

Moon Sect Keeps Tax-Free Status In State of N.Y.

New York Times Service

NEW YORK — New York State's highest court has ruled unanimously that religion was the primary purpose of the United Buddhist Church of the East, Sun Myung Moon and that the church was therefore eligible for tax-exempt status.

New York City and the lower courts had barred the church from tax relief since 1977 on the ground that its activities were chiefly economic and political. The ruling Thursday by the Court of Appeals asserted, in effect, that those activities were integral parts of a legitimate religious mission.

At the same time, the court left to New York City tax officials the final determination on whether the church's properties, valued at \$2.5 million, were being used for tax-free religious purposes. In its ruling, the court made clear that the city must now evaluate the church as a religious organization.

The church owns three parcels in the city — its headquarters, a missionary residence and a warehouse — and has paid \$217,843 in taxes during the five-year dispute.

House, CIA Dispute Handling of Arab Data

By George Lardner Jr.

Washington Post Service

WASHINGTON — A House subcommittee has voted to recommend disclosure of substantial portions of secret CIA studies on Arab investments in the United States after a closed-door hearing to which the CIA dispatched its own guards.

According to subcommittee lawyers, the Central Intelligence Agency then tried on Wednesday to commandeer the official House reporter to CIA headquarters in suburban Langley, Va., along with his stenographer so as to supervise the preparation of the official transcript.

"We were outraged," declared subcommittee counsel Stephen R. McSpadden.

Subcommittee Chairman Benjamin S. Rosenthal, Democrat of New York, was called off the House floor for advice on what to do. "He immediately told us not to let the CIA abscond with this guy," said Ted Jacobs, the subcommittee's chief counsel. He said under no circumstances should that property [the stenographer] leave the House.

The upshot was that a CIA contingent then marched over to the Capitol with the House reporter, Robert Cantor, to "baby-sit" the making of the transcript there.

At issue are 17 CIA documents dating to 1974, most of them classified secret, that concern the extent of investments in the United States by members of the Organization of Petroleum Exporting

Countries, particularly by Saudi Arabia and Kuwait and their surrogates.

Estimates of the holdings vary widely, but they have been calculated by some expert witnesses before the subcommittee as up to between \$150 billion and \$200 billion.

According to a "sanitized" summary of a 1977 CIA report, Kuwait and Saudi Arabia were making such heavy investments in certain U.S. corporations at that time that "both countries — but especially Kuwait — are having difficulties placing new funds in the U.S. stock market without triggering the SEC 5-percent disclosure rules."

Owners of 5 percent or more of the registered securities of a publicly traded corporation under

SEC jurisdiction are required to disclose a broad range of information, including the source and amount of the funds used to acquire the stock.

After months of sparring between the CIA and Rep. Rosenthal's Government Operations subcommittee on monetary affairs over the 17 studies, President Reagan formally refused on Feb. 17 to permit their disclosure. He maintained that release of the studies "would be likely to cause grave injury to our foreign relations or would compromise sources and methods of intelligence gathering."

Rep. Rosenthal then introduced a resolution calling on the House to override Mr. Reagan and authorize publication with only a few deletions to protect "intelligence sources and methods."

By a party-line vote of 6 to 5, the subcommittee Thursday recommended a somewhat watered-down approach: publishing "summaries of substantial portions" of the documents in a subcommittee report on the foreign investment question.

Rep. Stephen L. Neal, Democrat of North Carolina, offered the amended version for the "purpose of getting the CIA to cooperate" before the resolution reaches the House floor. Rep. Rosenthal heartily endorsed the change.

The Republican minority, led by Rep. Hal Daub, Republican of Nebraska, dissented, although Rep. Daub said that he had read all the documents in question and agreed there ought to be some disclosure.

Rep. Rosenthal and his aides contend that the degree of secrecy the administration has insisted upon is ludicrous. They say the CIA reports shed important light on the potential for a mounting degree of OPEC government influence in the United States, but that the studies are primarily analytical, similar to studies published regularly by private institutions such as the Chase Manhattan Bank.

The agency sent more than half a dozen officials to testify at the session, but refused to make the names public. Subcommittee staffers said the CIA also asked that no transcript be made at all, but the request was turned down.

U.S. Immigration Officials Say Crackdown Against Illegal Aliens Was 'Very Effective'

By Ronald J. Ostrow

Washington Post Service

WASHINGTON — U.S. immigration officials have defended their controversial crackdown on illegal aliens holding jobs that might otherwise be held by legal residents as "very effective and successful."

Alan C. Nelson, Immigration and Naturalization Service commissioner, also dismissed complaints Thursday of specific problems in Operation Jobs by Hispanic groups, saying that the allegations were "absolutely unfounded."

5 Days of Sweeps

"They've got their issues they want to raise and they want to foster their positions, and they have every right to do that," Mr. Nelson said. "We think they greatly overextended it [the criticism] for whatever purposes."

He described the criticism alleging outrages by INS agents as unfortunate and orchestrated.

During the five days of sweeps of working places suspected of employing illegal aliens in nine cities, INS agents apprehended 5,635 in-

dividuals — 5,440 of whom held jobs paying an average wage of \$4.81 an hour, according to Joseph F. Salgado, assistant commissioner for enforcement.

Mr. Salgado said that the apprehensions led to the referral of 5,065 jobs to employment agencies or secondary sources, such as civil rights and related organizations seeking to help the unemployed.

INS officials could not give precise figures on how many new workers actually were hired overall to replace the apprehended aliens. But, one of the few examples for which specific information was available, they said the Price Pfister Brass Manufacturing Co. in Pacoima, Calif., had 1,000 applicants for 82 jobs that were opened by the INS sweep.

Small Percentage

Mr. Salgado said 72 percent, or 4,071, of the apprehended aliens "were voluntarily returned," with the remainder set for INS hearings. The aliens came from 44 different countries, with 87 percent of them from Mexico. Last year, 95 percent of INS apprehensions around the nation were Mexican nationals.

A small percentage of the 1,300 contesting their apprehension are still in detention, with most free on bond, INS officials said.

Mr. Salgado said that on the basis of experience gained in Operation Jobs, the INS "may want to retarget [enforcement] resources" and perhaps aim at rounding up illegal aliens who hold higher-paying jobs. "We may implement it on a long-term basis," he said.

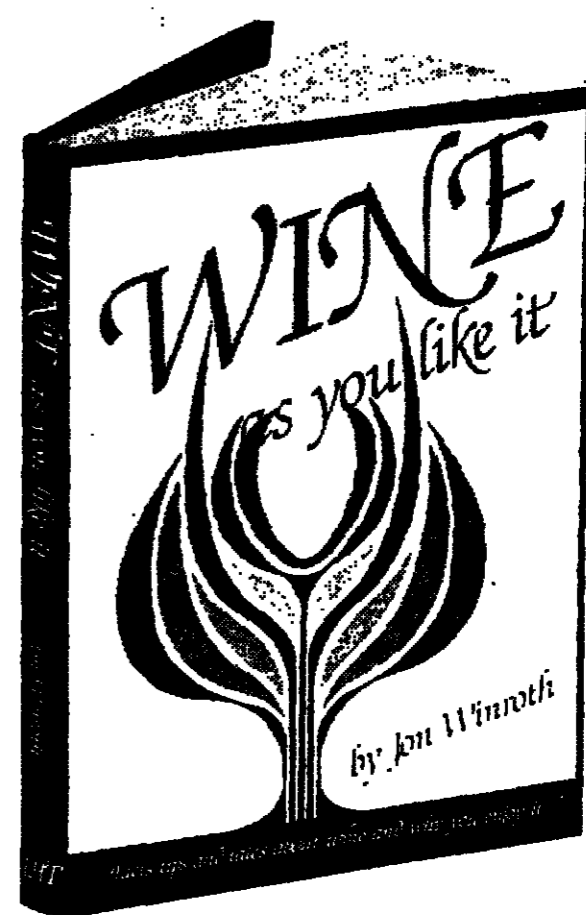
Higher Wage Ranges

The officials cited these examples of higher wage ranges held by some of those apprehended: \$10.08 an hour, Burlington Northern Railroad, Chicago; \$9.80 per hour, construction job in Denver; \$9 an hour, Robert Bosch Co., Chicago; \$7.35 an hour, Denver Lamb Co., Denver. About 6 percent of the salaries were above \$7.25 an hour, the officials said. The figures were based on information provided by the aliens.

The operation cost about \$500,000 more than normal INS operating expenses for wages and salaries and up to \$1 million more if outlays for feeding, housing and transporting the aliens are included.

«Don't let those wine stewards push you around!»

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NYSE Nationwide Trading Closing Prices May 7

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary

May 7, 1982

Dow Jones Averages

NYSE AMEX

Market Indices

NYSE AMEX

NYSE Most Active

NYSE AMEX

NYSE Index

NYSE AMEX

Standard & Poor's Index

NYSE AMEX

AMEX Most Active

NYSE AMEX

AMEX Stock Index

NYSE AMEX

Odd-Lot Trading in N.Y.

NYSE AMEX

Dow Jones Bond Averages

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NYSE Most Active

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NYSE AMEX

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NYSE AMEX

Dow Jones Bond Averages

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What's Up With Juggling?

by Mary Blume

LONDON — At the Pineapple Dance Center in Covent Garden there are classes in modern jazz, tap dancing, body conditioning and therapeutic massage. There is also a bar that sells yogurt, hummus and wholesome quiche, but a room behind the bar is where it's all at. There, on Sunday afternoons, Tim Batson, who is professionally known as Tim Bat, gives tuition in juggling.

Tennis balls, beanbags, dishes and pins whirl through the air and land, often as not, with a thud. An American schoolteacher and a Canadian film producer who is wearing a fisherman's cap and legwarmers have worked out a fancy routine that involves under-the-leg passes and joyful groans. One student has brought a unicycle and another is solemnly practicing bows to tumultuous imagined applause.

Most of the students begin class shyly facing the mirrored walls but within moments they are facing each other and gravitating toward the center of the room, filling the stale air with flying objects. The class is crowded: The juggling course is a big success.

"You see there are a lot of closet jugglers. Before I started up they practiced in their rooms, they never knew there were others," Tim Bat says. He is slight and lithe, unattractive with a chipped front tooth. He was a video filmmaker and garbage collector, or dustman, until he took up juggling in a Covent Garden street. He started giving lessons at Pineapple in the fall of 1980.

"Meeting other people brings people out, you want to do it with them instead of doing it alone in your room," Tim Bat says. "I teach them to pass to each other and then you're miles away from the half hour at home trying not to drop things because of the woman downstairs. Some want to keep to themselves, they don't want to pass. But the sense of achievement and gratification is the same."

There are enough jugglers loosed from the closet to make juggling a genuine fad but Tim Bat doesn't like the word. "It's not a craze, it's not a thing that's going to go away. It's like riding a bike."

It all began, like so many things, in California. John Cassidy is co-author of "Juggling for the Klutz," which has gone through 19 printings since it was published in Palo Alto in 1977 and has been a runner-up on The New York Times best-seller list. The book is sold with three beanbags attached so the klutz can start at once. Cassidy agrees with Tim Bat that juggling is here to stay.

"I think juggling will become increasingly popular to the point where it might take its place as a minor sport alongside things like ping-pong, badminton and whatnot," Cassidy says.

"In the States they're very competitive, they're even trying to get juggling recognized as an Olympic sport," Tim Bat says. He got

into juggling after editing, frame by frame, a film on the first juggling convention.

"That was 1977. I can duplicate almost every trick I saw at that convention." He was in top physical shape from working nights as a dustman and soon he was off to Barcelona, brazenly juggling in the streets. "I realized I wasn't nervous. I'd never done any performing but juggling awakened in me something I didn't know I had."

He has worked out several routines and does parties, cabarets and bar mitzvahs. After class that day he would perform at the London Dungeon for a group called The Descendants of the Tortured. "I am going to wear my medieval jester suit," he said. He also has a boiler suit, a Victorian suit and a flashy street salesman's suit. He prefers character juggling to what he calls the razzamatazz act that fills in eight minutes between the strippers and he has prudently invented a patter to cover those butterflying moments known as drops.

His students include actors, a postman, a journalist, a 60-year-old barrow boy and a fireman. "A strolling medieval minstrel comes by sometimes to teach," Tim Bat says. Two of his students have gone professional and the fireman is planning to. Tim Bat says only three students have failed to learn to juggle three balls within the space of an hour and a half.

"I have my own method, it stops people from worrying about it being three balls. I love to see the excitement on their faces. It's the most gratifying activity I know of except for drawing the human figure."

Two beginners are earnestly facing the wall and tossing two balls, awaiting the fatal moment when Tim Bat will produce a third. "It is not a catching game, it's a throwing game," a friendly three-ball student advises. Tim Bat announces that he will say a few words on juggling four balls. "The effect is of the balls being attached to each other," he states, which is very few words indeed. His next discourse will be on the double-headed shower.

Everyone looks intense and happy. "One girl was so shy," Tim Bat says. "When you start you're going to be nervous but the moment you start doing simple stuff that's well within your ability you relax physically. It takes so much concentration you don't have to think where to look."

One student is tall and very self-contained and young. He is skillfully trailing balls over the backs of his fingers as if they were trained mice. He is also good at picking up a fallen club with his foot. He is the chief chef at Fortnum and Mason. He likes to juggle at parties, but people get bored. Luckily there is always the Fortnum and Mason kitchen. "There are lots of things in kitchens — whisks, spoons, eggs." Eggs? Eggs are quite easy, they're a good weight.

Tim Bat recommends that students use tennis balls in which a small slit has been made and raw rice inserted. Oranges are fine but they split after a while. Beanbags are excellent, dogballs from pet shops make too much noise when dropped. Beginners are advised to juggle



At the Pineapple Dance Center, under the watchful eye of Tim Bat (seen practicing, center) students have their ups — and downs.

over a sofa or bed so their drops won't disturb downstairs neighbors. "If people are at loose ends juggling gives them a sense of fulfillment," Tim Bat says. One imagines all the lonely people and the tennis balls thumping onto sofas in bedsiters. Would juggling have changed Eleanor Rigby's life?

Juggling is as old as the three-ball cascade. The current craze in England can probably be traced to the stage appearances in London of four Americans called The Flying Karamazov Brothers who, of course, started off in Califor-

nia and sound it. "Juggling puts you in touch with the interrelatedness of things," one Karamazov has remarked, while another pointed out, "Juggling, in a way, is a sort of Western form of meditation."

"All that talk about yoga and meditation makes me laugh," the Fortnum and Mason chef says. Tim Bat amiably goes along with it. "Yes, you could call juggling moving yoga. It's similar to Tai-chi, a Chinese form of meditation in action, which develops contacts with gravity and with oneself."

"I don't say as an aid to meditation I am going to teach you the reverse cascade because they don't want to hear it," Tim Bat adds.

One of the oldest American juggling clubs is at MIT. "Mathematics and computer sciences are riddled with jugglers," says Chris, the Canadian film producer in Tim Bat's class. "It's a certain kind of aesthetic — it attracts people interested in mental manipulation of concepts."

Chris' juggling partner, John, an American

math teacher, took up juggling 11 years ago while bored in the Yukon and continued his studies in Greece. His feelings are less exalted than Chris', who sees juggling in terms of a sense of community — "one nice thing is helping people" — and of self-awareness. "It's a question of self-esteem, you prove yourself to yourself," he says. "It's like meditation, all the static in your mind is eliminated."

Chris performs at parties. John doesn't. "I juggle in classrooms," he says, "to keep the kids awake."



The lake at the Summer Palace outside Peking.

Mandarin Memories of China's Cuisine

by Patricia Wells

PEKING — My first meal in China set the stage for the 34 meals to follow during the next 14 days.

Boarding the 1 p.m. express train from Hong Kong to Canton, I settled in to the clean, bright blue and white coach and sat back to observe. As young, pigtailed workers paraded up and down the aisle hawked cartons of cigarettes and refilling tea cups, and the tramload of Chinese travelers unpacked their picnic. I opted for the daily box lunch: a rectangular styrofoam box filled with rice topped with baked chicken and scrambled eggs. The \$1.55 lunch included a lukewarm

bottle of Vita brand cola and all the tea you could drink along the three-hour journey.

The food looked dreadful but tasted surprisingly delicious. The rice was curiously and subtly perfumed, seasoned with a touch of ginger, and although the chicken was a bit more bones than meat, the eggs were astonishingly fresh and full-flavored. The meal left me mildly satiated, but more curious than ever about what would follow as I passed through the eating halls of Canton, Chengdu, Xian, Peking and Shanghai.

Many breakfasts, banquets, snacks, hotel and airport meals later, I concluded that food in China is neither better nor worse than Chinese food in Hong Kong or New York, it's just different. In first grade I learned not to add apples and oranges.

Traveling through China — either as a couple, as we did, or in a group — forces one to redefine the way one looks at many things, including restaurants. If you allow yourself to be affronted or annoyed by the lack of ambience, the lower standards of cleanliness, the long trek to the third-floor foreigners' section, or the lack of proper linen and napkins, you've missed the point altogether.

The most memorable food experiences came not with flashes of thunder at well-composed banquets, but in unexpected slices, bit by bit. Walking down a crowded side street in Xian one rainy afternoon, I spotted an old man standing near a steaming, overturned barrel. Roast sweet potatoes? Indeed. That was the best 10 cents I spent on the trip. Thick-skinned, golden-fleshed potatoes, sugary, filling and hot enough to burn your fingertips and lips. As we tossed the steaming *baishu* from hand to hand, our guide turned childlike as she recalled schooldays when the daily treat was to purchase a steaming potato on the walk to school each morning.

There were other surprises. The first day in Shanghai we stood giggling with the locals in the food department of the Number One Department Store, licking blocks of super-creamy vanilla ice cream at slightly slower than melting speed. A generally insignificant event was made somehow monumental when I looked around and realized it was the first time on the

trip we could say we were one of the crowd, sharing a common, universal afternoon treat. On the last day of our journey, we were invited by a Shanghai reform-school matron to join her in a canteen lunch. By this time, I should not have been surprised to find that the school lunch of steaming, meat-filled dumplings floating in a flavorful broth easily could have rivaled those made by the best chefs of Hong Kong or New York.

A few days into the trip, I found myself focusing on three specific ingredients: peanuts, shrimp and eggs. Not because I had any special craving for these things, but because in each instance the ingredients stood out for freshness, flavor, superior quality. No matter where I was in China — the airport in Gui Yang, the hotel dining room in Canton, a tourist restaurant at the Ming Tombs outside Peking — the eggs, usually scrambled in peanut oil, tasted richer, fresher, meatier. Peanuts, whether fried in oil and sugared in Chengdu, blended with chicken and fresh green-pepper slices in Peking, tasted stronger, fresher, more vibrant. And the shrimp, whether fresh from the Yangtze and sautéed in oil or taken from the East Sea and cooked in their shells with red pepper and tomatoes, had a mellowness, a clean flavor I'd never known before. Everywhere, mushrooms had a special, fleshy goodness, pickled cabbage became a much-anticipated appetizer, and the generous sprinkling of fresh ginger convinced me of the root's much-touted healthful properties.

Having learned the hard way that airport restaurants are to be avoided at all costs throughout the world, I shuddered when delayed flights offered no choice but to head for the airport canteen. Wrong. Chinese airports provided one of the few opportunities to dine with the masses on masses' food, something that's sorely lacking in most foreigners' visits to China. The spicy breakfast of noodles and ground beef at the Chengdu airport in Sichuan province, the seven-course lunch in Gui Yang, and the simple two-dish dinner in Xian stood out not only because the food was fresh, delicious and abundant, but also because it

Continued on page 9W

Caught Off Base by World War II

by Waverley Root

PARIS — Forty-two years ago, on May 9-10, 1940, to be precise, the least perceptive journalist in France, or possibly in the world, was a Mutual Broadcasting System correspondent named Waverley Root.

My broadcasts had been cut down to one a week, and even at that I sometimes had trouble scraping up enough news to make a good story. For the phony war had been going on for several months, unbroken by any interesting activity except, a month earlier, the invasion of Denmark and Norway. This was off my beat, though it struck home, for it shot out from under me overnight what had become my principal job — I had been for eight years the Paris correspondent of the Copenhagen Politiken, then the largest paper in Scandinavia.

The silver lining of this dark cloud was that I now seemed to have time, between weekly broadcasts, to head south and spend a few days before war was declared, and who were living in Cannes.

Unfortunately for this project, when I arrived at the Ministry of Posts each week for my broadcast to the United States, I invariably found it buzzing with rumors that the troops of one country or another were massing on its borders, with a prospect that all hell would break out on the morrow. Each week I canceled my plans to leave Paris and thereafter sat out another seven days of doldrums.

On the night of May 9, the grapevine was that the Dutch army had mobilized along the frontier with Germany, but I had been fooled too often to bite this time, short of personal information from Queen Wilhelmina. My broadcast finished, I climbed into my 11-horsepower Citroen and headed for the Place de la Concorde, which I had to cross to reach my apartment and pick up my typewriter and luggage, including a comely young woman named Gertrude, whom I was taking along for company.

A policeman tagged me down at the entrance to the Place and I reached for my papers, an automatic gesture in those days. He waved them aside. "Be careful going through the Place de la Concorde," he said. "It's full of garbage trucks." "What in the world for?" I asked. "To keep planes from landing on it," he said. This should have been a signal to cancel my plans once more, but I ignored it. I had hearkened to the cry of "Wolf!" too often. I slalomed through the garbage trucks, which were scattered all over the Place like drunken chessmen, picked up Gertrude and the other impediments, and we were off.

It was about 4 a.m., for my broadcasts were scheduled at 3:15, an inconvenient detail from my point of view, but it put me on prime time in all four zones of the United States. My idea had been to make Cannes my stop, but fatigue caught up with me at Vienna, so we stopped at a hotel on the main square and succeeded in wringing two rooms from a reluctant hotel clerk who resisted the idea that a pair of normally constituted young people would want more than one.

We were not destined to get much sleep. I was awakened by distant booming and went to the window to see what was happening. A fire engine was standing in the square across from the hotel, but it did not seem to have any urgent business on its mind. A small group of citizens standing beside it were peering toward Lyons, where I suppose they could see nothing, for I couldn't. The booms in the distance seemed less like noises than physical contractions of the atmosphere; they were like giant, faroff crumches. It was a strange sound, which meant nothing to me, for I had never heard bombs drop before. I learned only later that I had been within hearing distance of the first German bombing in France outside the zone of military operations proper, that of the Bron airborne at Lyons — thus starting my record of being present at all such peripheral attacks up to the French armistice, a record I had no particular desire to achieve, since I am not fond of being bombed.

Although I still lacked word from Queen Wilhelmina, I had now been given a rather sharp hint by Marshal Goering that something was up, but I proved incapable of translating it. This was an excellent opportunity for turning around and rejoining my microphone at Paris, but instead I woke Gertrude, who was not grateful, and we resumed our trek southward.

The night before, to kill time while waiting for the hour of my broadcast, I had been playing chess in the Café de Flore with Tristan Tzara, the founder of Dadaism. He had spoken feelingly of a restaurant called La Mère Germaine at Châteaufort-du-Pape, so I headed for it with vague apprehensions about the danger of encountering a Dadaist cuisine. Tristan Tzara proved, happily, to be comfortably bourgeois when it came to food. La Mère Germaine, a real person, not a trademark, covered our whole table with a colorful collection of ingenious hors d'oeuvres, each more mouthwatering than the others, and I must have

turned on like a light; for months Paris restaurants had been obeying wartime restrictions that limited the number of appetizers in *hors d'oeuvres* varies to four. Gertrude sprang to the car and returned with a camera to record this historic moment. About 90 minutes and four courses later, she took a second picture of your humbled servant slumped down on the field of battle among the bottles he had valiantly slain before succumbing himself.

The meal had been served outdoors, on a sort of platform overlooking miles of serried vineyards dressed in the light green of spring. The sun was bright, the day warm, and in the distance, its outlines veiled by a heat haze, the solid tower of the Palace of the Popes rose from its rock in Avignon. Replete with the peace of good food and drink (it was then that I had learned for the first time that a white Châteaufort-du-Pape exists) I exclaimed, "It's not possible that this country is at war!" We then drove into Avignon, where a newsboy thrust into the car a paper whose black headline shouted: "GERMANS INVADE NORTHERN FRANCE, HOLLAND, BELGIUM!"

I was now 100 miles from Paris, and it was more tedious than going to Cannes, or more prosaically, too far from my base to head back for the P.T.T. Ministry in Paris; there was a nearer microphone at Aix-en-Provence. I do not know the fastest speed the pre-war Citroen 11 could make, but we went faster. At one moment, roaring down a hill on one of those narrow blacktop national roads that sink unobtrusively into the Provencal countryside, since replaced by hideous broad cement highways designed to propel you through this once-lovely landscape too fast to see it (just as well, since these eyesore arteries have ruined it anyway), the two halves of the hood, torn loose by the rushing wind, rose flapping in the air like the wings of some monstrous black bird, cutting off my vision. As she felt the car slowing to a stop, Gertrude opened her eyes and I realized for the first time that she had screwed them up tight in terror. I secured the hood and took off again. She quickly shut her eyes once more and kept them shut until I had to slow down to enter Aix.

It was far too early for me to broadcast from Aix, so I telephoned from the radio station there to the ministry in Paris and asked that Nice be instructed to ready a microphone for me for a 3:15 a.m. broadcast to the United States. I also filed a cable to Mutual Broadcasting in New York to warn them to listen for it. We took off again, not quite so fast this time, for there was now less hurry.

We reached the famous Esterel road, which makes its way through the forests of the Mountains of the Moors, after dark. I had driven the treacherous, twisting Esterel before, but not in a blackout with no light except that which struggled through the six pinholes drilled through the black tin cups that covered the headlights, giving just enough illumination to show how dark it was. A thick fog now joined us to make matters merrier. I remembered that there was a precipitous drop on one side of the road so I hugged the other, as closely as I could judge where it was in the dark, thoughtlessly explaining why to Gertrude, who promptly closed her eyes again — quite unnecessarily, for she could not have seen anything even if she had kept them open.

At 2:30 a.m. I was sitting before the microphone in Nice, calling New York and getting no answer. I persevered for something like two hours, during which time nobody proved able to hear me, though at one moment I picked up my assistant, Victor Lusich, later The New York Times correspondent in Geneva, talking to Mutual. I was happy to know that somebody was getting through, but it was frustrating to be helplessly gagged myself. I again called New York, announcing a broadcast for the following night, and the same process was repeated. I didn't dare leave my microphone, dumb though it was, to start back for Paris, for fear of being caught flatfooted far off base again, so I spent five days in this futile occupation.

On the sixth, a brace of security police officers called on me at my wife's villa in Cannes. Throwing my cables to New York accusingly down before me, they demanded, "Monseigneur, how do you explain this?" I explained, "Broadcasting 140315 47325" meant that I would be on the air May 14 at 3:15 a.m. using a wave length of 473.25 meters. (Radio buffs who find this last figure strange are hereby informed that I have concocted it at random, having forgotten wave lengths completely.)

The officers were clearly disappointed. They had expected to uncover a spy, an excellent means of securing promotion. They were annoyed at me. Nevertheless, after checking with the Nice radio station, they apologized. Nobody said anything about reimbursing me for the cables, which I had paid at the urgent rate and which had never been sent.

The immediate crisis had passed, and I now dared to take the time to drive back to Paris. We covered the Esterel in daylight and I discovered with a certain feeling of shock that I had remembered its drops on the wrong side of the road; I must have been speeding over it a good deal of the time with the outer half of my offside tires resting on nothing. I did not mention this to Gertrude, who had her eyes open.

Henry Moore, Self-Cast Monument

by Jeffrey Robinson

MUCH HADHAM, England — He sits in his chair and fidgets. His hands seem unusually delicate, all the more so since Henry Moore has spent most of his life with a hammer and chisel, pounding on stone.

Those hands are constantly moving as he sits, either rubbing the side of his leg, or playing with a pencil as if to imply that he would rather be drawing than talking.

"Did you really think you could come here and discover something new?" he asks. "So much has been written already. The story has been told." Henry Moore doesn't give interviews, he gives lectures — a well-rehearsed, well-played speech.

"Nine-tenths of life is common sense. Just common sense. Look at Michelangelo. He was the most practical man. Do you think he was simply a dreamer? Good Lord, the idea that artists are nincompoops and dreamers, that's nonsense. Where do people get the idea that artists are vague, with their heads up in the clouds? Writers generally have stupid ideas of what artists are like. Art is a person's reaction to the world. It's common sense. Just like life. People who don't understand that life is nine-tenths common sense are creating all sorts of problems for themselves."

Moore and his wife Irina have lived in this Hertfordshire village for 42 years — at the end of July that will equal half his life — and home is an added-on 17th-century farmhouse. Forty acres now surround that house, some of it taken up with sheep, the rest with nine studios in which he works, an office complex for his staff and manicured slopes of lawn with enough huge Henry Moore sculptures plunked down in the middle to make the garden path a kind of museum tour.

He employs three assistants to help him with his sculptures and graphic work, with five people to run the business of being Henry Moore. The archives alone are a full-time chore, filing and cross-filing references to his work. Sixty years' worth of work means more than 700 sculptures, about 4,000 drawings and just over 500 etchings and lithographs. Then there is the daily correspondence, plus exhibitions to be arranged, and every new piece of work to be photographed and catalogued.

He does his own sketches, but the studio assistants are the ones who blow the sculptures up to larger sizes in stone or bronze — always, a visitor is reminded several times, under the stern eyes and approval of Moore himself. Nothing whatsoever leaves here signed Henry Moore without his personal approval every step along the way. And when his assistants say how hard they work, a visitor quickly finds out it's because Moore works even harder.

"An artist must keep working. I work every day. I get up and I go to work. I mean, if I ever retired, what the hell else would I do?"

At first glance he looks more like kind of gentle elder statesman or even a classics don from Oxford. But then he is Henry Moore, whose editioned bronzes can fetch prices above the \$175,000 level and whose stone carvings can go for three, four and five times that, depending on size.

Shows of his work are booked years in advance, and there is no such thing as a small Henry Moore exhibition. They are always major happenings. He is one of those artists who

have reached that pinnacle where everything they do can be sold, where people actually wait in line to buy their work, where their work is traded and sold like a commodity. His is, in a very real sense, a kind of fame that brings with it a license to print money. But this is not a man who lives the lavish life, and when asked about the business of his art, he shyly and uncomfortably backs away.

"What I don't like about being famous is interviews. I'm also fed up with the business of art. I could be pestered every minute of the day if I let people do that. But I don't want to be. I just want to keep working. I enjoy having exhibitions, even if I can't always go to them, and if I didn't have exhibitions I'd be miserable. Like a writer who can't publish his stories, I enjoy showing my sculptures and my drawings, and I draw as much as I do sculpture. If you can't draw, you can't be anything in art. Drawing is the basis of visual art. To draw is to learn about the world."

As a young man, he wrote a novel, or at least started one. Nothing ever happened to it. Then he wrote a play, and this did get produced a few times while he was in school. It was a romantic play — he remembers that much about it — but is not sure about the title. He says he made up names for it, something like Naragana and Botano. He doesn't remember, however, if that was it. He fought in World War I, saw action in France, and was one of the very few British survivors of a battle at Cambrai. In later years he was known among his friends as a fairly competent juggler. He is said always to carry a tape measure in his pocket and is supposedly quite expert at guessing the size of anyone's head to the nearest quarter-inch.

He is also a man who enjoys playing a kind of parlor game with his visitors, and when they try again and again to pin him down to something concrete about his world that isn't part of his interview-lecture, he closes up his studio and goes back to his living room for what he refers to as "a rest." His house is filled with books and sculpture and what seem like thousands of objects that he and his wife have accumulated. Many of the paintings and drawings on his walls are by other artists, but he doesn't care to talk about other artists, especially his contemporaries.

"Except that I will say Picasso was the best in my lifetime. Miró is also very great. And so was Sandy Calder. I liked him very much. We were born within a week of each other. I forget if he was born seven days before me or if I was born seven days before him. But I do remember that he made me laugh. Anytime we discussed something and wouldn't agree, one of us would say to the other, 'Don't forget that I'm older than you.'"

"But I don't like to talk about other artists. It's not fair to criticize some and praise others. It's silly for me to throw around opinions."

And then he says, "Instead, let's see what you know."

The game begins. He sits down on his couch, resting his chin on his cane, and motions toward a stone carving from a 14th-century Italian church. "What's that?" On the spot, his visitor stabs at "Eighteenth century." "Yes, yes, and reads off a few sentences as a history of the piece before moving on to a drawing. "Who did that?" The visitor fumbles with "It's very beautiful." He retorts "Degas." Then he shows a small sculpture of his own with three figures. "And that?" The visitor hits lucky with "The



Henry Moore.

Bathers?" But Moore won't allow gloating because he's played this game too many times. "I did it after a work by Cézanne. He painted sculpturally. I wanted to show how he understood sculpture in his drawings. So I did that in 45 minutes. It took me 15 minutes to do each bather."

He points to some very tiny stone carvings on the coffee table. "Those?" You try "Obviously, Eskimo." And he answers, "Nope. God made those. I found them just like that. No one did that but God." Realizing that he is losing this game very badly, the visitor looks around the room. "That's a narwhal tusk. The African mask there is... Benin? And the cat, that must be Egyptian." But he won't let you have any points. "No idea," he shrugs. "Lots of things we buy we don't know anything about. We don't care where they came from. We have them because we think they're beautiful objects. It doesn't really matter where they came from or what they are."

Then he stands up. The game is over.

In the Bargain Basement

by Souren Melikian

PARIS — In the last two years or so, Paris auctioneers and their experts have developed a new type of low-keyed modern art sale that has no equivalent elsewhere. To many buyers this type of auction holds far greater appeal than the brilliant London auctions, yet these unambitious Drouot sales get no coverage whatsoever in the media — for reasons that lie precisely in the factors that make them interesting to art lovers who are not prepared to spend a minimum of \$8,000 to \$10,000 every time they are after a painting.

The sales' common characteristic is that they offer a majority of items worth anywhere between 600 francs (about \$100) and 12,000 francs, with a small number peaking at 25,000 to 30,000 francs. The heaviness of the London machinery makes it virtually impossible for Sotheby's or Christie's to handle such low-priced items. Those houses might as best throw in a few pieces as an hors d'oeuvre to their big auctions. But they could never afford to build a whole sale on them, as was the case with the auction of Modern Master Paintings and Sculptures conducted at Drouot this week by Catherine Charbonneau, with the assistance of the expert Philippe Marchéaux.

The auction included 172 lots, starting with Charles Lapicque's "Desert" — a litho — and ending with Catherine Zoubchenko's "Fronce et Prophète" ("Preaching and Prophet"). A good 20 lots deserved serious consideration.

Right at the beginning, there was a remarkably good Cubist drawing in black pencil done by the Russian expatriate Naum Gabo in 1933. The outline was perhaps a shade pale and the paper had a slightly yellowish hue to it, which made the drawing less attractive than it might have been half a century ago. Nevertheless it was a highly desirable piece well worth its 14,765 francs.

A few minutes later this was followed by another very good drawing that would hardly ever find its way into a London sale. The sketch in pen and ink showing a cluster of trees near a bridge was done in 1923 by Marcel Gromaire. It shows no trace of the mixture of Cubism and Expressionism in which Gromaire indulged around that period. As such it would be called uncharacteristic by purists who might choose to ignore its quality. It would certainly not be regarded as glamorous but the buyer who got it at 6,330 francs — just under \$1,000 — was well inspired: The draftsman's superb.

However, the best bargain among drawings came shortly after, when an abstract composition in the Cubist style done in black and other crayon by Christine Boumeester was laid on the block. It is dated 1938. Although a pure product of the Paris school, it reflects the influence of the Bauhaus school. Yet it is highly original in its handling of streamlined shapes as well as in its color scheme, and it displays that fine sense of suspended movement typical of the artist's manner. For anybody who likes modern painting, it is hard to do better than that at 2,344 francs, but it would be impossible in London. Such a low-priced item would not be admitted into the lofty — and expensive — catalogs.

What is true of drawings applies even more to certain types of paintings. A little-known painter working in a style that is currently not in

great demand will never be seen at auction in London. That is precisely the definition of Georges Breuil, a French master who never made a name for himself, although he has produced some splendid abstractionist works. At Drouot he was represented by a large composition, 100 by 81 centimeters, titled "Les Soleils" apparently because it shows two big sunlike discs with concentric halos against a background suggestive of a grainy wall surface. It was knocked down at a laughable price — 1,276 francs.

The reason for the low prices paid for modern works in a modern style by little-known artists is that dealers won't touch them and that private French buyers, who are fundamentally conservative, go in mainly for the figurative.

The "expensive" works in such sales are therefore those that remind the spectators of the Impressionist and Post-Impressionist masters. A large-size pastel signed by Paul-Elie Guez (1886-1948), for example, whizzed to 19,782 francs. The subject is very much in the manner of Edouard Vuillard: A woman in a white apron is shown sewing with bent head over a round table in an old-fashioned sitting room. The brushwork and the dark palette owe something to Edouard Manet, the first-generation Impressionist.

Similarly, bronze sculpture done by Louis Derbré in the 1950s and '60s in a style that goes back to the Art Deco period and even earlier was very successful. "Terre III," showing two acrobats in the nude, went up to 18,110 francs. "Le Réve," a woman in the nude seated on a square base looking down demurely, is one of five specimens cast in 1954 but stylistically looks like some of Jules Dalou's nudes of the late 19th century.

Needless to say, the low-keyed sales of modern art held at Drouot get little advertising other than short notices in trade journals — it would not be economically feasible. They are accompanied by catalogs that are sparsely illustrated, again for the same reason. Once the sale has taken place, no mention is made of them. They are not events like the big mid-autumn, early spring and early summer sales of "Impressionist and Modern Master Paintings" in London or New York. Therefore they do not make headlines.

The auctioneers and experts are unlikely to draw attention to them. They have no particular wish to dwell on how relatively cheap a given painting may have been — it could turn out future vendors. On the other hand, the "good" prices from their viewpoint — those that are higher than expected — are not much more glamorous. A tiny Ruiz Morales view of the Opera in pen and wash that sold for 1,856 francs may be excellent for business but not for advertising: The figure is too low in absolute terms and the name means nothing to most people.

Yet, little by little, such low-key sales could do a lot to enhance the image of Drouot. They are well thought out. They offer a good deal of what a majority of the public is after — works of art at sensible prices. And they are held frequently, about once a week. Finally, experts such as Philippe Marchéaux who play a key role in putting them together are available to provide advance information on most such sales. That makes it possible to follow them closely, an entertaining and occasionally profitable exercise for anyone with a genuine interest in 20th-century art.

Naive, and Sometimes Ingenious, Art

by Michael Gibson

NICE — Anatole Jakovsky started collecting naive paintings in 1940 and has since written several books on the subject, including "Les Peintres Naïfs," which was translated into English and German. Some 40 years after he took up this specialization, Jakovsky offered Nice 600 works from his collection and the city has just inaugurated its Musée International d'Art Naïf Anatole Jakovsky (Château Sainte-Hélène, Avenue Val-Marie) in a palatial neoclassical residence it acquired for the purpose.

The collection is often charming, though nothing in it has the awkward grandeur of Douanier Rousseau's big compositions. It is also wide-ranging, since it includes not only French naïfs, but also an important choice of Yugoslav, German, Haitian, Brazilian, American and Belgians.

Among the most convincing works are a series of anonymous French paintings (probably 19th century) that Jakovsky acquired at the Flea Market before that Parisian institution turned into just another tourist trap. The innocence of such works cannot be doubted, whereas we cannot always be sure of works done after World War II.

I recall meeting a wealthy and fashionable Brazilian woman in a naïf gallery some years ago and hearing her declare: "I am a naïf painter." She was, no doubt, to the extent that her work was shown in that gallery, but it can be convincingly argued that an authentic naïf would be the last person to apply the term to himself. An authentic naïf cannot possibly realize that he is a naïf — any more than a child would tell you that he produces children's drawings, or a mental patient that his work is "schizophrenic art." In other words, if someone describes himself as a naïf it implies that he has chosen to paint in a style that is now well defined and generally recognized. He certainly does not have the undiscriminating innocence that is the mark of the uncommercial naïf. The Brazilian woman was ingeniously unaware of her fundamental lack of authenticity — a naïveté, if one wishes, but not an artistic one.

Rousseau, on the other hand, (to consider that archetype of naïveté), was solemnly striving after an academic ideal that he earnestly admired. His innocence was not stylistic but grew from his inability to distinguish clearly between fact and fancy.

Another authentic naïf was the

awkward grandeur of Douanier Rousseau's big compositions. It is also wide-ranging, since it includes not only French naïfs, but also an important choice of Yugoslav, German, Haitian, Brazilian, American and Belgians.

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Yugoslav Ivan Generalic (who is represented in the Nice museum, though not by a major work). He showed a taste for drawing even when he was a young cowherd, and his initiation to painting was due to an encounter with the painter Krsto Hegedusic who believed in a popular foundation of art. This encounter ultimately produced a whole community of peasant painters — many of them represented in the Jakovsky collection — the most remarkable of them being Generalic himself.

One might say on the basis of these two examples that an authentic naïf is someone whose horizon is relatively limited for reasons of character or of social circumstance but whose emotional perception of life is unusually intense. This is by no means true of all the people represented in the Jakovsky collection, some of them expressing themselves in a style that would not have looked entirely out of place on the cover of the New Yorker — hardly a hallmark of either innocence or force of emotional perception.

The shortcomings of the collection stem from the failure of Jakovsky's part to define what a naïf really is. His prose on the subject is impressionistic, confused and occasionally polemical in a vaguely blustering way, and the catalog, which is abundantly illustrated, fails to provide essential information or critical insight into the works of artists represented.

This being said, one can enjoy the visit and expect to find quite a few happy surprises but hardly anything that has the grandeur of the best of Rousseau, of Bonbois or of Generalic. Nor would it be fair to expect that sort of quality, considering that Jakovsky himself is not a John Paul Getty and he has simply not been able to afford the best works of the artists he took an interest in.

The museum has announced its intention of organizing temporary exhibitions of naive art. There is a lot to be done in that line, and the Jakovsky collection has the merit of serving as a nucleus for such an undertaking.

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THE PROJECTS: These photographs from the Inter-American Development Bank show some of the projects where aid was



funneled for Latin American development. From left, members of an agricultural cooperative at Patzu, Guatemala, deliver



cauliflower for shipment to a frozen food plant; building a rural bridge in Mexico; a doctor examines an infant in a health cen-



ter in Coatepeque, El Salvador; and at Buenaventura, Colombia, construction of sewerage lines in a low income area.



INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post
MAY, 1982

IN LATIN AMERICA

The high concentration of aid in the region assures the a continuing level of long-term resources.

Where the Money Went (1977 - 1981) \$ million.

Sector	1977	1978	1979	1980	1981
Rural Development	507.0	655.5	405.0	408.0	923.2
Development finance	183.0	230.0	245.0	269.0	184.0
Education	59.0	33.7	52.5	32.0	82.0
Energy:					
Power	351.0	398.0	346.0	708.0	698.0
Hydrocarbons	—	—	—	78.5	27.0
Industry	241.0	85.0	185.5	87.5	255.0
Nonproject	26.5	30.0	156.5	80.0	27.0
Population-health	5.0	25.0	—	—	—
Small enterprises	15.0	47.0	7.0	202.0	—
Technical aid	—	11.0	—	—	1.5
Telecommunications	60.0	33.6	—	44.0	—
Tourism	42.0	50.6	52.5	—	—
Transportation	329.5	199.0	468.5	371.0	355.0
Urbanization	12.7	162.8	176.5	88.0	254.0
Water-sewerage	61.5	149.5	169.8	316.0	346.5
TOTAL	1,893.2	2,110.1	2,264.8	2,684.0	3,153.0
Of which:					
Bank	1,868.2	2,054.5	2,232.8	2,595.0	3,119.0
IDA	25.0	55.6	32.0	89.0	34.2

Source: World Bank Annual Report 1981.

Aid Pipeline

By Juan de Onis

LATIN AMERICA'S access to international development assistance is being threatened by a shrinkage in official foreign aid — particularly from the United States — and competing claims from poorer Third World countries, including China.

For this year, and probably the next, the impact will be slight on the level of new loans to Latin America from the World Bank group, the Inter-American Development Bank and the Agency for International Development because of existing capital resources in the aid pipeline.

But the refusal of the Reagan administration to make any commitment on new "soft loan" funding for the World Bank's International Development Association or the IDB's Fund for Special Operations points toward a phasing out of long-term, low-interest foreign aid as it has been known for the past 25 years.

Shared Funding

"The situation about 1983 is very uncertain because the long-standing agreement among the donor countries on shared funding of multilateral aid has broken down," said a World Bank official.

The World Bank Group, which includes the International Finance Corporation, a source of capital for private enterprise in developing countries, has been the largest single source of official development assistance. The loans to 24 member countries of the bank during the fiscal year that ended June 30, 1981, totaled \$3.5 billion, including IFC operations. Loan approvals for this year are running at about the same level.

The IDB is next in importance, with almost \$2.5 billion in loans during 1981, which brought total IDB lending in the 21 years it has been in operation to over \$20 billion. IDB's members now include Canada, Japan and 14 West European countries that are capital contributors, as well as AID operations, which include development assistance loans and economic support funds.

If the Reagan administration can get the U.S. Congress to go along with increased economic assistance for the Caribbean and Central America, which Washington sees as a key area of conflict with Cuban and Soviet-backed insurgencies, AID's funding level for fiscal 1982 would rise to \$837 million.

Of this total, \$350 million would be concentrated in the Caribbean-Central American region. They would go almost entirely to Peru, Ecuador and Bolivia, if the Bolivian military regime takes effective measures against cocaine exports to the U.S.

Mandate on Lending

The IDB, under a mandate to concentrate its lending in the poorer countries and social sectors of Latin America's 360 million people, made \$498 million in loans, or about 20 percent of last year's total, to Central America and the Caribbean, including 48 percent of the \$569 million from the "soft-loan" Fund for Special Operations. This was a far higher proportion of per-capita aid for the 37 million people of the Caribbean-Central American region than was assigned to the rest of Latin America.

The high concentration of aid in the Central American-Caribbean region, partly because of U.S. political interests, assures the small economies of this region a continuing level of relatively low-interest, long-term resources. This is also the region that is receiving \$850 million a year in

(Continued on Page 12S)

Managed Economies Impress the Lenders

By Michael Frenchman

ONE OF the major sources of development financing in Latin America is from the World Bank and the Inter-American Development Association, which in the 1981 fiscal year allocated some \$3.153 billion to the region. This was \$469 million more than for the previous year. Another \$1.53 billion was committed under cofinancing arrangements, a drop of 42 percent compared to 1980.

Altogether 53 loans and credits were approved mainly for projects in the agricultural and energy sectors of development, which took 29 percent and 23 percent of the funds respectively. Bank loans to borrowers amounted to \$1.654 billion and IDA credits came to \$68 million. During 1980, the figures were \$1.414 billion and \$35.3 million respectively.

Although many countries in the region have faced serious economic problems during the last year, according to the annual report of the World Bank, it appears to have been impressed by the realistic response of some governments to their difficulties.

The Energy Scene

Commenting on the energy scene it notes that two of the major oil producers of the regions, Mexico and Venezuela, have initiated their oil disbursement facility to poorer members of Latin America and the Caribbean. The value of exports of all products from the region in 1981 rose by one-third from the previous year to \$94 billion. But this was largely accounted for by a 49-percent increase in oil exports from the five exporting countries. Fifteen countries with the largest oil import bills are now spending approximately two-thirds of their export earnings on oil imports and debt servicing. This has made internal corrective economic management difficult in many cases.

One country that has adopted an innovative approach to the energy problem and has at the same time boosted its export trade is Brazil, which has embarked on an ambitious energy substitution program.

Brazil has intensified its energy-development program both onshore and offshore in its efforts to discover and exploit hydrocarbon resources. It has accelerated many hydroelectric projects and launched the controversial National Alcohol Program (Proalcool), which is an alcohol substitute for motor gasoline fuel. This began in 1970 with a 6-percent blend in the mid 1970s to about 20 percent in 1980. Last year a \$500-million program supported by a \$250-million loan from the World Bank was initiated to continue the modification of car engines to run on straight alcohol. In the previous year, about 250,000 cars made in Brazil were

(Continued on Page 12S)

Private Banking Assumes New, Growing Importance

By Pamela Bayless

LIMA — The international monetary crisis of recent years has had one decidedly beneficial effect on development banking in Latin America and the Caribbean, according to Carlos Garatea Yori, secretary general of ALIDE, the Association of 185 Latin American development financing institutions.

"Latin American banks have become much more sophisticated through a very rapid adaptation," Mr. Garatea explains. "This is the positive element in the crisis. There is greater risk now but also greater expertise has developed. There won't be a return to earlier modes of financing."

Concurrent with the crisis in industrialized nations characterized by inflation, higher interest rates and unemployment, the flow of funds from international organizations traditionally earmarked for Latin American development has lessened considerably. As a result, the past decade has seen the private-banking sector assume a new and growing importance in Latin America's development process.

Decade's Transformation

Mr. Garatea, an economist and lawyer who has served both banking and industry, has seen ALIDE through that decade, assuming its top position in 1979. The secretary general explained the decade's transformation in the methods of development financing. Earlier, international development funds were channeled through a country's central bank for distribution in project financing. Now, both Latin American public and private development banks are actively penetrating international markets, with the national development banks looking for lines of credit and the private development banks seeking participation from international private banks in specific projects.

More than 30 percent of the region's banks are now engaging in such international activity, up from 20 percent just four years ago. One manifestation of the quest for external financing is the growing number of Latin American banks establishing offices or representation in foreign capitals, Garatea points out.

The growing involvement of Latin American private banks in the development process, Mr. Garatea said, is consistent with the stated policy of private enterprise fueling economic development in most countries of the region. ALIDE's most recent survey for member banks, undertaken every two years, shows that 43 percent of the region's development institutions are now private, while many of the remaining 57 percent, classified as public, actually are composed of mixed private and public capital.

New Strategies

Resorting to private financing has meant accepting the commercial terms of both domestic and international markets, Mr. Garatea explained. This has led the development banks to assume new, non-traditional strategies and modes of operations. Mixing resources, both short and long term, has become common as the banks seek to capture funds' international markets.

"The trick is to make a mix of resources in order to keep investment projects going under altered conditions," Mr. Garatea affirmed. "Banks must maximize their financial capabilities to capture funds under

tougher conditions — shorter terms, higher interest rates. This is a great challenge."

Furthering a 30-year trend in Latin America, the private sector will acquire greater importance in Latin American countries, Mr. Garatea said.

"We have to be more conscious of widening the base of the private sector, to create more industries and to incorporate into the economy sectors that still are dependent on the aid of the state," he added. "This development will create less dependence and a greater need for internal resources."

"External assistance will be utopian in 20 to 25 years," he noted. "Public resources are diminishing as those of private origin are growing. Strengthening the private sector will bring about greater internal strength in Latin America."

Flight Capital

The volume of savings has increased in much of Latin America, Mr. Garatea asserted — "strangely enough" due to monetary policies, with the higher interest rates that have resulted.

"My impression is that the capital flight from Latin America is diminishing," he said. "Experience in an enterprise makes a businessman more ready to risk his capital in his own country. Doubtless, if you examine the origin of flight capital, you would see it corresponds to the more traditional economic sectors, people who don't have an entrepreneurial spirit or the attitude to take a risk. In the last 15 years, people have shown a greater desire to contribute to the development of their country's growth."

One effect of the new conditions for financing, Mr. Garatea felt, has been the hardship on smaller businesses. Projects with long time spans, such as the hydroelectric projects under way at Yacireta and Itaipu, could not resist the conditions of the market, he says. They have had to look for longer terms, with support from organizations such as the World Bank and the Inter-American Development Bank. But the smaller projects have been obliged to take funds under less favorable conditions. Ten years ago it was easy for industrial projects to obtain terms of 20 years with a three-year to five-year period of grace; now the project conditions and maturities have to be revised, Mr. Garatea said.

Financial Instruments

Since ALIDE's policy emphasizes developing small and medium-sized enterprises, recent years have brought new demands for the organization.

"Smaller enterprises undoubtedly suffer more from worldwide recession," Mr. Garatea emphasized, due to hardening of markets for their products. Growth of Latin America's gross product has slipped from 5 percent to 1.4 percent in two years.

"ALIDE's greatest challenge now lies in strengthening the financial operations of the region's development banks," the secretary general noted. "We're helping them to fulfill the development function by designing policies and programs to utilize new financial instruments, so they can continue attending the requirements of the economic sector to which they're dedicated."

In addition to assisting in the restructuring of project finance, he listed several measures ALIDE is

(Continued on Page 13S)

The Falklands have possibly, once and for all, brought not only Argentina but the whole of Latin America out of isolation.

Foreign Debts

By Michael Frenchman

THE Falklands' crisis has added a whole new dimension to the Latin American banking and finance scene.

Since last year's North-South meeting in Cancun, Mexico, efforts to bring about a dialogue between the two sides had been waning. The dramatic events of the last few days have ironically focused maximum international attention on South America. The Falklands have possibly, once and for all, brought not only Argentina but the whole of Latin America out of isolation — something that the politicians, bankers and financiers of the industrialized nations and the Third World countries had so far been unable to do.

No one can say as yet what the long-term effects of the present crisis will be. What is clear, however, is that both Europe and North America are likely to become inextricably involved in the financial affairs of South America. Throughout the last three weeks the world's stock markets and commodity exchanges have tended to react only marginally. But there has been a cooling off of much investment decision in the Middle East while the current position is assessed.

But the main cause of concern now will be the outstanding foreign debts, not only of Argentina, which was in a desperate position before the Falklands' crisis began, but of the rest of Latin America as well. According to estimates from the United Nations Economic Commission on Latin America (ECLA), the total foreign debt was \$240 billion at the end of last year. This compared to only \$60 billion at the end of 1977. Current-account deficits on balance of payments for the whole region amounted to approximately \$33.7 billion compared to \$27.7 billion in 1980.

Economies in Turmoil

Throughout 1981, Latin American economies had been in turmoil with the Southern Cone countries particularly badly hit. Inflation was rampant, reserves falling, output dropping, and there had been increasing difficulties with debt servicing. According to the recently issued annual report of the Inter-American Development Bank, the gross domestic product for the region only grew by about 1 percent, below the growth in population. This was in fairly sharp contrast to the overall performance of the previous year when growth rate of 5.7 percent were recorded — only slightly lower than those of 1979.

In fact, IDB believes that 1981 will have been the worst year for Latin America since the beginning of the 1960's. ECLA has portrayed an equally bleak picture and says it is the worst performance for 35 years. But, although Argentina's inflation may have rebounded to more than 130 percent, superceding that of Brazil's, which had been running away during the year, there were some bright spots, particularly Mexico, which showed a temporary sparkle dulled by this year's devaluation, the culmination of a series of mini-devaluations.

Nevertheless, the 8 to 9 percent growth was the only gdp of four countries to exceed 5 percent in the region. Brazil, however, did achieve a remarkable turnaround with its trade figures. Last year exports rose by 15.7 percent, and the 1980 deficit of \$2.8 billion became a surplus of nearly \$3 billion.

Venezuela, the other main oil exporting country apart from Mexico, showed only a slight growth of 0.3 percent, but the government did succeed in reducing inflation from 19.6 percent in 1980 to 11.3 percent, a considerable achievement in Latin America. However, the country still has substantial problems in trying to refinance most of its short-term debts. The country's difficulties are also exacerbated by falling oil revenues and its longterm reserves position.

Widening of Deficit

There has been a gradual widening of the trade deficit in Chile, which stood at \$2.5 billion at the end of 1981 with a 16.5-percent drop in exports. Unemployment has risen and industrial production was also down while agricultural output was nil.

The IDB report says that the area that suffered most last year was the Caribbean basin where many of the smaller states are situated. These countries and

those of Central America were badly hit by the cost of oil imports. In nine of the 13 member countries of the IDB per capita income fell.

The situation in Latin America has also been affected by the significant lack of growth in member countries of the Organization for Economic Cooperation and Development. First estimates show that the overall OECD gross national product was 1.2 percent, the same as in 1980, compared to an average of 3.2 percent over the previous 10-year period. This had resulted in an even poorer export performance for Latin America, which at the same time was striving to improve its overall revenue earning position in order to service the rapidly increasing debt ratio.

Consequently there have been very substantial current-account deficits in the region. This reached nearly \$34 billion, some \$6.6 billion more than in 1980; of this sum, \$5.7 billion was due to growth in net investment income payments caused by higher interest payments on the growing external debt. Total international reserves increased by \$6.4 billion in 1979 but fell by \$2 billion in 1980. The IDB has projected a continuing downward trend in the reserves position throughout last year, with a sharp acceleration toward the end of the period. This is a reflection of the stricter borrowing conditions being imposed by the international banking community. This has meant that many Latin American countries, particularly Argentina, have been forced to draw on their reserves in order to cover their current-account deficiencies.

Increasingly Anxious

Nearly 90 percent of the region's total debt of \$240 billion is held by seven countries: Argentina, Brazil, Colombia, Chile, Mexico, Peru and Venezuela. Together these countries account for more than 80 percent of the population and about 90 percent of its production. Brazil, with a total debt of about \$70 billion, has one third of the region's 344-million population and a per-capita income of \$1,664.

Toward the end of last year most bankers were becoming increasingly anxious about the general economic state of the region, including even Mexico, following the OPEC decision to reduce oil prices. Consequently, as debt service ratios have widened — Brazil and Mexico 60 percent, Chile 45 percent, Peru 42 percent and Argentina 27 percent — spreads have continued to rise.

Venezuela averaged 9/16 percent in 1981 but this year 3/4 percent — to 3/4 percent has been normal. Mexico is also paying 3/4 percent, two points higher than last year; Argentina, whose fortunes had been sliding rapidly until April 1 was paying a hefty 1 1/4 to 1 1/4 percent compared with 13/16 percent last year. Brazil has stabilized its rate at around 2 1/4 percent above Libor following last year's trade surplus, and with a further improved position forecast for this year the situation may be eased as bankers turn a slightly more favorable eye on the country.

However, new factors have emerged that may mean a complete rethinking on risk policies. First, the Falklands' crisis and economic sanctions against Argentina will have a devastating effect on the economy which was on the point of crumbling. The battle with Britain over the disputed islands, the loss of military equipment and the overall cost of mobilization, coupled with the collapse of most banks in the country will have only accelerated the demise of the economic system, which Roberto Alemann, President Leopoldo Galien's recently appointed economic minister, had sought to reverse.

Insoluble Problem

In addition, these events have come at a crucial time in United States Policy toward Latin America. President Reagan, faced with an apparently insoluble problem in Central America, had begun to take steps to insure more active and friendlier relations with other Latin American states.

But, on the other hand, the United States, has been trying to implement a revised policy on fund replenishment and loans to the region either directly or through the international monetary agencies. This met stiff resistance at last month's meeting of the gov-

(Continued on Page 12S)

The ALIDE Agenda

THE ALIDE congress, grouping the Latin American Association of Development Financing Institutions, will open in San Juan on Monday, May 10. Carlos Romero, governor of the Commonwealth of Puerto Rico, and U.S. Undersecretary of State for Latin American Affairs, Thomas Enders will welcome the delegates in the morning sessions.

Dr. Adolfo Nass, the president of Alide, will officially open the session with a speech before introducing Gov. Romero and Mr. Enders. The plenary sessions will begin in the afternoon.

The agenda of the plenary sessions follows: Addresses by Michael E. Curtin, executive vice president of the Inter-American Development Bank, and Enrique Fuentes Quintana, of Spain, an international consultant.

The Role of the Private Sector in Economic Development, a presentation on the supply-side theory and development banking by George Gilder, an international consultant of the Leigh Bureau of the U.S.

Latin American Development Banking and Private Enterprises: International Outlook, a presentation by Felipe Herrera, former president of the Inter-American Development Bank and international consultant, Chile.

The day's sessions will conclude with a meeting of the Alide Consultative Council.

● Tuesday, Development Banking and the Encouragement of Private Investment. Its Possible Functions and Mechanisms for Action. Presentations on that theme will be made by Nelson Famaes, chairman of the financial council of the governor of Puerto, and Jose R. Madera, development administrator of Puerto Rico.

Economic and Financial Policies and the Development of Capital Markets, a presentation by Hugo Romero Quintero, president of the Inter-American Institute of Capital Markets of Venezuela.

The Promotion of Private Investment in the De-

velopment of Energy, a presentation by Jean Saint-Geours, president and director general of France's SEMA.

Initiation and Encouragement of Directly Productive Investment Through Cooperation Between Domestic and External Development Institutions. Complementary Role of Technical Assistance and Transfer of Technology, a presentation by Henry Neuman, president of the Belgian Investment Company.

Services and Advantages Offered by the International Service Corps for Development Banking in Latin America, a presentation by Ralph C. Franklin, vice president of field operations of IESC of the United States.

Services of the Canadian Executive Service Overseas to Alide and its Members, a presentation by Guy Bourbonniere, CEO, Canada.

The day's sessions will be concluded with a meeting of the Alide technical committee on projects and investments.

● Wednesday, Trends in and the Outlook for the Participation of Private Capital in the Development Banking of the Region. Presentations on that theme by Edison de Souza Leao Santos, director of the Banco do Nordeste do Brasil, Luis M. Pellarano, president of Corporación Financiera Continental S.A. of the Dominican Republic, Filiberto Rodriguez Viso, president of Venezuela's Banco Hipotecario de Crédito Urbano, and Mariano J. Mier, president of the Puerto Rican Banking Association.

The day's sessions will be concluded with meetings of the Alide national coordinators and bilateral Alide sessions.

● Thursday, A special session on Alide institutional affairs, bilateral meetings and a closing session with remarks by president Nass of Alide and Hernan Padilla, mayor of San Juan. A meeting of the coordinating group of the technical committee of Alide on agricultural credit and bilateral meetings.

ALIDE Congress to Stress Importance of Private Development Banking

Special to the IHT

THE outstanding characteristic of Latin American development banking today is its predominantly public nature, according to ALIDE, the Latin American Association of Development Financing Institutions.

Recent growth by private financial development institutions, however, has led ALIDE to stress the complementary role of private banks and the importance of the private sector in the development that is so crucial to the Latin American and Caribbean region. The theme for the association's 12th annual general assembly, to be held May 10-13 in San Juan, Puerto Rico, is "The role of the development bank in the development of the private sector in Latin America and the Caribbean."

Development banking that supports the work of fishermen in Peru, architects in Mexico and business managers in Bolivia is likely to have at least one common factor, ALIDE. Established in 1968 at a meeting sponsored by the Inter-American Development Bank, the organization now has active members from Puerto Rico, Latin America and the Caribbean, in addition to associate and collaborating members who contribute

to the area's development from outside it.

The association is the international representative of Latin America's development banks, recognized by the United Nations, the Organization of American States, the United Nations Industrial Development Organization, the United Nations Conference on Trade and Development, the Food and Agriculture Organization and the Inter-American Institute for Agricultural Cooperation.

The group's major goal is to promote and coordinate cooperation among development banks of Latin America, keeping bankers informed of investment opportunities, especially those requiring joint efforts, and also of international sources of investment financing available to them.

The writers in this special supplement — Pamela Bayless, Michael Frenchman, Juan de Onis, Linda Bernier and Todd Martin — are free-lance journalists specializing in international affairs.

ALIDE has signed numerous cooperation agreements with other international organizations for specific projects. By means of similar agreements, governments of Latin American countries and those of developed nations in different parts of the world have channeled their support for Latin American development through the association.

Of Common Interest

The association studies and reports on problems of common interest to development banking institutions, sponsors technical training programs for members' personnel and organizes meetings and seminars at regional and sub-regional levels. From its headquarters in Lima, ALIDE publishes extensive documentation including a monthly bulletin and a biennial survey of Latin American development banking.

Results of a recent ALIDE survey of 25 Latin American Development banks, based on bank figures from the end of 1980, show the area's development banking to be expanding in both regional and international financial contexts.

In the year 1980 alone, according to the ALIDE report, "institutional, operating and financial

characteristics of Latin American development banks invested more than \$41 billion in financing and promoting development in the region. The report points out that that figure for a single year compares with a total of \$53 billion spent for the same purpose for the entire three-year span from December, 1975, to December, 1978.

One striking finding of the survey was the extent to which Latin

American development banks have recently entered international financial markets, mainly to find new funds for financing local projects. In the latest ALIDE study, 30 percent of development institutions surveyed were involved in some sort of international financial activity. Four years previously, that figure was only 20 percent.

Statistics on international financing reveal, according to AL-

IDE, "that not only is there a significant amount of participation by foreign funding sources in typical Latin American public development banks, but that the majority of those resources come from private banks abroad."

This change, the report concludes, reflects Latin American development bankers' adaptation to new realities and new imperatives in international financing as a re-

sult of a "significant decrease" in participation by official aid sources in development financing.

57 Percent Public

From an institutional point of view, the report says, the "most outstanding aspect of development banking in Latin America toward the end of 1980 is that the majority of development financing institutions are public"; 57 percent of the

banks surveyed were either totally or predominantly public.

The "significant presence" of those banks in the financial systems of the economies of Latin America, according to ALIDE, was demonstrated simply by the public banks' assets accounting for more than 85 percent of the total in the study, while their patrimonies represented 95 percent of the total.

The Lenders Are Impressed by Managed Economies

(Continued from Page 115)

modified and it is now hoped that 45 percent of all gasoline consumption will be replaced by alcohol.

One optimistic factor, which is beginning to pay off in another important area is a leveling off of the region's birth rate. The population explosion of the region during the 1970s seems to be stabilizing as a result of substantial housing projects and increased attention by governments to family planning and social services. Population growth, however, is still high and it is estimated that it will be about 2.3 percent in the mid-1980s.

Latin America, with a population of 360 million, has the highest level of urbanization in any developing area of the world. In 1950, less than half of the population lived in urban areas but by 1980 it was estimated that nearly 60 percent of the people now lived in towns and cities. As countries like

Brazil have industrialized, there has been a virtual nonstop migration from the interior and from the northeast part of the country to the three main urban centers of São Paulo, Rio de Janeiro and Brasília.

Fastest Growing City

São Paulo, with a population of around 13 million, has increased threefold since 1950. Mexico City, the fastest growing city in the world, was only 3.6 million in 1950 and now has about 15 million and will be the world's largest city. Between 1950 and 1960 urban growth was, according to the World Bank, mainly the result of frustrated migration from the poorer areas of the region to the urban areas. From 1970 onwards, urban expansion was the result of the urban population growth itself, which exceeded 3 percent in most countries and 4 percent in some.

Today, more than 45 percent of the region's population is under 15

years of age. This has been an impossible task for some countries, such as Brazil and Mexico, to provide enough jobs let alone housing facilities of one kind or another. How to maintain job creation and economic growth are the two main challenges facing the region, says the World Bank.

The magnitude of some of the problems, says the World Bank, have been misunderstood and the complexity of the main issues have made it necessary to proceed slowly. As part of its development support, the World Bank has tended to emphasize the need for the provision of utility services — water, drainage and sanitation as priorities. These have come under the heading of "Urban Development Projects."

One recent example was the Guayaquil project in Ecuador costing a total of \$457.1 million with the World Bank providing \$20 million for improving 10,000 rural families living in the foothills of

the Andes. The project involves financing agricultural support services, reorganizing land tenure, constructing and improving roads and potable water supplies and providing schools and primary health-care facilities.

Many of the projects supported by the World Bank are aimed at providing employment opportunities as well as improving the standard of actual living conditions. This is because it is realized that those for whom the benefits are being provided will not be able to take advantage of them unless they can become a part, however humble, of the moneyed economy.

Peru Air Services

Development of the urban areas themselves is also given some priority by the World Bank as it is necessary to adjust local infrastructure services as a consequence of urbanization such as the provision of transport services. During

the last fiscal year, the World Bank granted \$53 million to Colombia for the construction of 1,400 kilometers of roads so that the rural population could have better access to schools, health facilities and markets.

In Peru, the World Bank has allocated \$58 million to improve the efficiency and security of air services in remote jungle areas. A new airport is to be built and three others are to have major improvements. Total cost of the project is put at \$127.6 million.

Throughout the region, the World Bank aims to help countries help themselves and to concentrate on solving some of the main issues that are vital to economic growth and, hopefully, alleviation of the poverty gap. These priorities include energy conservation, agricultural development, the provision of export-oriented industries and mobilization of domestic financial resources.

Falklands Crisis May Terminate Isolation

(Continued from Page 115)

errors of the 43 IDB member countries in Cartagena.

The president of the IDB, Antonio Ortiz Mena, said at the meeting, in spite of pressure from the

United States, the largest contributor and shareholder of the bank, that there should be a substantial increase in funds pointing out that there was already an 8-percent increase in loan-demand forecasts.

The U.S. is anxious to make

IDB lending more selective and argues that it should be based on a real economic rate of return instead of being used as a "community chest" hand-out.

Sprinkel's Proposals

Beryl W. Sprinkel, the U.S. Treasury undersecretary, who has suggested a replenishment of IDB funds, also wanted a reduction in soft loans, stricter appraisals of disbursements, more co-financing arrangements and a graduated system of contributions and benefits. Under the latter proposition, the richer oil-producing countries would obtain finance from the international capital markets and private banks leaving IDB funds for the poorer nations.

Ideas Resisted

These ideas were strongly resisted by some of the major countries of the region who countered by suggesting that there should be an all-round increase in contribution to the IDB of 18 percent per year between 1983-86. Although the meeting ended more or less in deadlock, the governments are to gather again in Berlin in July to try and reach a compromise solution. They will no doubt also be able to evaluate the effects of the Falkland crisis on the general Latin American economic scene.

Aid Pipeline: Shrinkage Expected to Reduce Loan Flow

(Continued from Page 115)

credits from Mexico, Venezuela and Trinidad to finance purchases of oil from these countries.

But for the bigger capital-importing countries, such as Brazil, Mexico, Argentina, Chile and Peru, the outlook for continued high levels of official development assistance was less bright.

These countries have depended in recent years far more on borrowing from the international capital markets through private foreign banks than on the multilateral development banks for financing of their economic growth. As a result, Brazil's foreign debt climbed to over \$60 billion. Argentina's reached \$34 billion. Chile owed foreign creditors \$14 billion, and Mexico, capitalizing on its oil discoveries, is close to \$50 billion in foreign debt.

Repayment of principal and interest on this debt is costing Latin America about \$35 billion a year

at a time when regional economic growth during 1981 came to a standstill. This compares with an annual average increase of regional gross product of 5.9 percent between 1970-80.

After two decades of impressive growth in primary education, increased life expectancy, extended public water, electricity, transportation services and employment opportunities, despite a 70-percent population increase, Latin America is in recession.

"The situation in the short run is difficult, complex and risky," said Nicholas Ardito Barletta, vice president for Latin America of the World Bank.

Antonio Ortiz Mena, the Mexican president of IDB, told the annual meeting of governors of the regional institution at Cartagena, Colombia, last month, that the situation required increased Latin American exports to industrial countries and "a special effort to maintain an appropriate flow of external financing to the region."

But Beryl W. Sprinkel, Undersecretary of the U.S. Treasury, rejected a Latin American proposal that the IDB's resources, under a

Sixth Replenishment, be increased between 1983-87 by \$14.3 billion, with 7.5 percent of the fresh capital paid in and the rest as a call reserve that allows the bank to borrow in capital markets.

The U.S. delegate also proposed phasing out the Fund for Special Operations, which was provided with \$17.5 billion in contributions from the IDB donor countries during the Fifth Replenishment period that ends this year.

As in the case of the World Bank's IDA, where the U.S. has delayed annual payments due on a pledge to provide \$3.24 billion as its share of a \$12-billion funding, the U.S. is in arrears to the IDB "soft-loan" facility designed to meet the needs of the poorest countries.

"Soft-Loan" Funds

Mr. Sprinkel presented the Treasury argument that the Reagan administration cannot ask the U.S. Congress for foreign-aid increases when it is cutting back on the federal budget allocations for domestic social programs.

With a reduction of donor-country contributions to the "soft loan"

funds, the poorer countries have to borrow from the higher-interest ordinary capital resources of the multilateral banks. In the case of the World Bank, this not only means that India, Bangladesh and Egypt, for instance, will have to borrow more than before from ordinary capital, but China, which joined the World Bank in 1980, must also be included as an additional borrower.

Unless the World Bank can increase its resources, traditional Latin American borrowers such as Brazil, Mexico, Colombia, and Peru could find it more difficult to hold their place in the bank's lending program.

One way that both the World Bank and IDB managements believe that resource levels can be increased without large inputs from governments is to develop project financing in partnership with private international banks. Under this system, projects prepared under the technical supervision of the experienced development banks are offered to the private banks for "co-financing."

This practice is already producing some favorable results. For instance, in the World Bank's op-

erations in Latin America this year, 13 projects involving oil refineries, highways, electric power, and telephone systems, for which the World Bank has lent \$894 million have been "co-financed" by private banks and export credit institutions for \$2 billion.

Mr. Ortiz Mena talks about the IDB project loans serving as a "catalyst" for a large participation by private banks. In this way, relatively small loans by the official development banks would trigger the private capital flows that the borrowing countries require.

But these "co-financing" ventures are not attractive to all banks. Many prefer to deal with borrowers directly, with a freer hand in setting interest rates, fees and other conditions that increase bank profits. In any case, private participation is at international-market interest rates, which are usually higher than those charged by the development to their borrowers. So only countries that have good standing in capital markets are eligible. The poorer countries, and long-term social investment projects in health, rural development or education, are not candidates.

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BANCO DE LA VIVIENDA DEL PERU — BANVIP —

We are pleased to announce that, in accordance with the conclusions of the Feasibility Study carried out by ALIDE, the BANCO LATINOAMERICANO DE LA INDUSTRIA DE LA CONSTRUCCION (BLIC) is to be established in the city of Lima, Peru. It is a multinational financial institution which aims to provide high quality banking services to companies in the Industry and Construction Sector. These services will include: The setting up and negotiation of financial packages, on an individual or corporate basis, for such companies who are particularly interested in participating in large-scale projects. The promotion of company consortiums to enable them to participate in international tenders; Bi-national projects, consulting services and promotion of investment and compound companies, mergers and takeovers, etc.

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Private Banking

(Continued from Page 115)

taking to aid development banks in these efforts. The organization is exploring ways of stimulating private investment, promoting the greater participation of national capital markets, and encouraging co-financing efforts through internal and external joint ventures. Where earlier a country financed a project, now typically it obtains part from the IDB and part from an international private partner.

"In the past three years, we've developed a program with the objective of identifying projects that lend themselves to co-financing or joint ventures at the national or regional level," Mr. Garate stated. "There are many non-traditional agro-industrial projects other than in the agro-mechanical field, some in fishing. There's a great variety of endeavors." Such projects make use of imported capital goods and technology, he stressed.

As a component of this program, he continued, ALIDE's annual assembly provides a forum for the regional development banks to present projects seeking co-financing to the 400 bankers in attendance, many from outside the region. Bilateral interviews on projects that ALIDE pre-selects can pave the way for joint financing. Some 98 projects were presented at last year's assembly in Quito, and 68 presentations are scheduled for the current assembly in San Juan.

Projects Evaluation

In addition to measures designed to aid financing, ALIDE is increasingly involved in projects evaluation, recommending technical assistance for projects promoting the selection and transfer of appropriate technologies and encouraging private investment in projects that promote energy conservation and development through use of alternative sources.

"The three most important priorities for development in the region are food, energy and technology," Mr. Garate explained. "We've seen that the energy sector's requirements are very special and intense. Non-oil producing countries with stable economies have been very badly affected by the need to import oil. Increasing research in non-traditional sources is of fundamental importance to the oil-producing countries as well."

There are a number of projects under way in Latin America to utilize solar energy, he pointed out, with very advanced studies in Brazil and Ecuador. More resources are being committed to biomass fuels, and Brazil's pro-alcohol program experience is being transmitted to Central American countries.

The private sector must participate more in these projects, Mr. Garate said. "They've had a preference for solar projects, which have more immediate results," he added.

"ALIDE is encouraging development banks to give preference to financing energy-conserving projects and orienting the development of projects to different energy sources," he continued. "The development banks play an important role in the evaluation of these projects."

In line with this evaluation, he said, ALIDE has undertaken a study to help member development banks assign certain technologies to specific projects.

"We hope to design a model of application for various technologies," he asserted. "ALIDE's center of documentation is expanding from the economic and financial information it traditionally offers to include information on the technology development banks will need to evaluate for specific projects. We're trying to extend this to member institutions in each country to create a network strictly for technology."

Technology is particularly necessary in the agricultural sector, which receives 26 percent of the region's development funding. "In all Latin American nations, farming is of the greatest importance as food and for export," he said.

Despite the concentration of property in the rural sector in much of Latin America, agriculture has not had the same degree of support in development plans as the industrial sector, he noted. Agrarian-reform efforts of the 1960s caused countries to view more seriously the conditions of their rural populations and to strive to improve agricultural production.

"Nevertheless, we can't say it had the hoped-for results," Mr. Garate noted. "Where food has been destined for export, countries have suffered the results of tight international markets."

Technical and technological assistance is vital to increase the productivity of the land, Mr. Garate said. "We still haven't transformed agricultural production; it has been easier to develop industry. The industrialist has more facility to repay." Industry receives 20 percent of the region's total development funding.

"Agricultural production processes are lacking," he said. He felt "longer-term financing, coupled with adequate price policies in many countries and improved systems of commercialization" was one solution. "A farmer does not need subsidized financing for self-development," he affirmed. From the socio-economic view, both agriculture and industrial development are important, he noted.

ALIDE's adjustment to new development demands has proceeded smoothly. "Perhaps because of the association's structure, each country has two votes that are absolutely no political problems at the banking level," the secretary general said. "Those who established the organization were very wise."

DEVELOPMENT BANKING IN LATIN AMERICA

Puerto Rico: Host to Latin Bankers

By Linda Bernier

TODAY'S Puerto Rico offers the visitor far more than hospitable people, beautiful beaches, a warm climate and sophisticated tourist facilities. Economic development has changed the face of the island — from a rather sleepy, sun-filled, agriculture-based economy to a bustling gateway to the business world of Latin America and the Caribbean.

The cornerstone of economic change on the island has been the Economic Development Administration, known as Fomento, which was established in 1950. Over the years, Fomento has encouraged industrialization, first by making use of cheap labor and thus emphasizing such labor-intensive industries as textiles and apparel.

Since about 1970, however, in order to improve wages and opportunities for an increasingly skilled labor force, there has been a shift to encourage the development of more capital-intensive industries such as pharmaceuticals and electronics.

Pharmaceutical Bases

Almost every pharmaceutical firm in the U.S. and many from other countries have a base of operations in Puerto Rico, bringing thousands of jobs and pumping substantial revenue into the economy.

Investment from the U.S. mainland — about 63 percent of Puerto Rico's total investment — and from other countries — about 7 percent — is what has enabled Puerto Rico to develop so dramatically.

And what has made Puerto Rico so attractive to the U.S. and foreign investor is a variety of factors, among the most important perhaps its special relationship with the U.S. as a territorial possession.

This means that although Puerto Ricans do not vote in U.S. elections nor pay U.S. federal income taxes, they are U.S. citizens and use the U.S. mail, currency, Social Security and welfare systems. For the investor this means duty-free access to the U.S. market, no exchange risk and a completely bilingual — Spanish-English — and highly literate culture.

In addition Puerto Rico offers a highly skilled labor force, well-developed industry services, a prime location on a sophisticated banking and financial sector.

The government of Puerto Rico has further increased the island's investment appeal by providing an attractive tax incentive program.

The major stimulus of private investment in the manufacturing sector in recent years has been the Industrial Incentives Act of 1978. It provides exemptions from corporate income taxes and property tax of up to 90 percent, depending on the period of investment and the location of the plant. A 10-year extension, after the initial 20-to-25-year investment, is offered with exemptions ranging from 35 percent to 50 percent, again depending on location.

Also offered are production worker payroll deductions, which reward high wage and employment operations, deductions of the first \$100,000 of profit, reduced tollgate taxes, a 100-percent exemption from municipal taxes and special incentives for investors in the hotel, service, textile, apparel and leather industries.

To further encourage the development of Puerto Rico as a base for Latin American business operations, the government, in 1980, embarked on a 10-year program to create a free-trade zone on the island. With government investment expected to reach \$150 million to \$200 million, plans include an international trade center and the development of a 25-acre tract of land in the San Juan metropolitan area.

In addition to continuing the development of a permanent industrial base and increasing its integration with more consumer goods, what Puerto Rican Authorities are looking for in the future is investment in high technology, agriculture and such services as tourism, banking and finance, insurance, trade and commerce.

For the foreign investor, said an official of a U.S. investment-banking firm with operations on the island, "Puerto Rico, with its location, bilingualism, sophisticated management and financial services, could be a jumping-off point for business operations in Latin America."

Programs with a \$500,000 ceiling succeed in bringing tangible progress to cooperatives, associations and individuals

The Small Scale

By Todd Martin

IN the ever-optimistic ocean of aid programs to underdeveloped countries, the theory prevails in some circles that a man — given the right equipment, training and financing — can eat the sharks.

The Inter-American Development Bank, which funnels rich-nation financing to Latin America, has just such a project operating on the Guyana coast, thanks to funds made available by the Swiss Development Fund for Latin America.

As part of the IDB's plan for financing small projects — \$500,000 is the top loan in this category; in-country cooperatives and other associations who qualify to further funnel the loan, tend to apply for \$500,000 — a Guyana fishing cooperative of 150 members, whose yearly income is somewhere around \$240, will be able to finance 50 canoes.

That's \$10,000 a canoe. Or, if the money were lent directly to the 150 members of the cooperative, each fisherman would have \$3,333 to play with.

Unfinished Roads

The point is exaggerated; the money is intended also to make loans available for outboard motors, cordage and twine and a back-up diesel generator to insure ice production in an area with a shaky electricity supply.

But Latin America has traditionally been a land of unfinished roads, bridges halfway built, money — not wasted, but siphoned off before it could accomplish what well-intentioned benefactors wanted it to do. The sharks are ever active, the bite is always a threat.

When, and if, the Guyana shark fishermen exchange their paddles for outboard motors and their ice supply is secured, their per-capita income is expected to nearly double, more food will be on dinner tables all over the country and the Greater Georgetown Fishermen's Cooperative Society will have 40 years, with a 10-year grace period, to pay off the loan and a 1-percent commission.

The Inter-American Development Bank has, since its original capitalization in 1960, approved a total investment of nearly \$18 billion in projects big and small but is currently trying to focus half of its funding down to credit for people who would not normally qualify for credit in programs that will create jobs or immediately raise the incomes of the beneficiaries during the first year of the project.

A Beekeeper's Rise

A surprisingly small loan can put a man on his feet. One IDB publication tells of 20-year-old Rafael Fallas, who got a \$1,200 loan to set himself up as a beekeeper in Costa Rica. He is able to support his family, has been able to buy new equipment and increase production — all accomplished within a year. He is also able to pay off the loan. He sells honey and wax.

A graph in the bank's 1981 annual report shows that the 43 member countries have seen fit to concentrate a huge chunk of the investment pie on agriculture and fisheries. Food is a primary problem in Latin America and it always has been.

That chunk amounts to 23.9 percent. By contrast, only 2.8 percent in loans has been distributed to urban development projects, in spite of an enormous movement of the rural population to the cities.

This concern seems justified in an area of the world where an Andean Indian, for example, depends on the guinea pig as his largest source of animal protein. Further north, disease has taken such a toll of larger livestock that farmers just gave up.

Several years ago, the IDB granted a \$35-million

loan in Mexico as part of a campaign to eliminate tick-borne cattle disease. The money financed regional dipping facilities available to 175,000 farming families and made cattle raising a much less risky activity. The IDB says it provides 90 percent of the financing from external sources for animal health programs in Latin America.

Suspicious of Change

But raising production is not enough, according to the bank's research. Farmers are suspicious of change, lack knowledge, technology and resources. The Andean Indian plows the side of a mountain he can hardly stand on, ignoring crumbling stone terraces above him, built by the Incas nearly 400 years ago to create productive flat fields.

Bad transportation, lack of refrigeration, even a lack of water allows food to spoil before it can reach someone to eat it. Hence the importance of that back-up diesel to insure ice production for those Guyana fishermen. Little things, and the IDB's small-loan program should help.

A bit of education can go a long way. Guatemalan sharecropper Cesar Franco, according to a bank publication, was not getting the increased yields from his tomato and onion harvest that the experts expected, in spite of an IDB-financed irrigation project. So a second project was financed to send the experts into the fields to show Cesar Franco how to change the direction of his rows slightly to insure a better flow of irrigation water.

The experts also told him about fertilizers, seed varieties and pesticides. As a result he had such a good crop in one year that he was able to buy the land he had been working on shares.

That is the kind of success story the bank likes to report, and if there are enough of them, these small successes can influence even the largest problem of the area, the demographic one.

Influx to Cities

High birth rates and lack of farming success has led to the massive population influx to urban areas, where there are no jobs either. Farming successes can not only provide a livelihood back on the farm but also create more jobs in the city. Latin American tanneries, for example, already employ an estimated 50,000 workers; 200,000 work in the region's shoe industry. Livestock health programs like the one in Mexico could help at both ends of the demographic road, in addition to adequately feeding the cities.

Still, the vast majority of Latin America's poor live in rural areas where the small-loan program tries to reach them through 29 projects in 15 countries.

The member countries that make up the bank's organization — 27 regional members in the Western Hemisphere and 16 non-regional members in Europe, Asia and the Middle East see the small-loan approach as at least half the answer to the problem.

The problem, of course, is how best to develop trade. As a bank fact sheet puts it: "For European countries and for Israel and Japan, Latin America has become an important export market and investment partner, as well as a source of many commodities and resources needed by their economies. Conversely, for Latin America, Europe and Japan represent a market second only to the United States in size, as well as a major source of development capital and technology."

How to effect the sea change that will make this ideal become working truth may just depend upon that shark fisherman in his outboard-motor-powered canoe off the coast of Guyana, and others like him — can they catch the sharks and freeze them so that people can eat?

IDB '81 Loans Set a Growth Record

LAST YEAR, one of the most important aid organizations to Latin America came of age — the Inter-American Development Bank. During its 22d year of financial operations in 1981, it set a new record of loans for the region — \$2,493 billion, which was 8 percent more than in 1980. This brought the total amount of loans made by the bank, since its formation, to more than \$20 billion.

The IDB has been one of the principal sources of funds for development along with the World Bank and the International Development Association. The IDB was specifically created following a change in United States policy toward the region in 1958. There had been a period of increasing tension between North and South America and President Juscelino Kubitschek of Brazil was instru-

mental in bringing the two continents together with his "Operation Pan-America."

Until then, the United States had been reluctant to support any regional financial and development institution. Following meetings of a special committee of the Inter-American Economic and Social Council articles were drawn up for the IDB, which held its first meeting of member governors representing 20 countries in San Salvador in 1960.

Progress Trust Fund

During the first lending year of 1961, the initial capital was \$1 billion and the United States established a Social Progress Trust Fund, which was to be administered by the newly created IDB. Under former President John F. Kennedy's "alliance for progress," the fund brought in some \$725

million in contributions, which were used for financing the improvement of basic services — potable water, housing, and education projects for low-income groups in the region. Other Latin American countries then took the lead from the United States and began to establish other funds.

In 1971, Antonio Ortiz Mena, of Mexico, was appointed president, and brought about a remarkable expansion of the bank's activities during the following decade. Canada joined the bank in the following year and today's member countries exceed 40. Since the inception of the bank, the population of the region has increased by well over two-thirds to a present-day level of 360 million. During the same period, loans in the first of operation amounted to \$295 billion rising to a record \$2,493 billion last year. —MICHAEL FRENCHMAN

Desenbanco has been, over the last three years, the main financial agent of development in Bahia — presently regarded the most progressist state of the North/North East region of Brazil. Desenbanco has also played an active role in all productive sectors of the baian economy (operating surplus in the fiscal year ending March 1982, attained the impressive figure of 500 million dollars).

Desenbanco's capital investment programme ranges from the financing of small business to the funding of vital state projects such as: Polo Petroquímico in Camaçari, the Copper Metallurgy and the metalmechanical industry.

Within its operational framework, this institution has been instrumental in several economical sectors including food production and distribution, electrical energy, agro-industry, basic sanitation services, reforestation programmes and the all-important tourist industry.

The channelling of investment funds from BNDE - National Bank of Economic Development, BNH - National Housing Bank, Central Bank and other financial institutions and the provision of its own capital has, over the past three years, consolidated in a leading position within the framework of the expansion programme engineered and

sponsored by Governo Antônio Carlos Magalhães. As a result, Desenbanco has become a paramount force in banking circles within the nation.

Polo Petroquímico: a new industrial reality

The Polo Petroquímico currently represents the backbone of the industrial sector of Bahia, providing half of the actual demand of raw materials in the Brazilian light chemical industry.

Desenbanco has been supportive of Polo Petroquímico de Camaçari since its inception. Total investments of more than 60 million dollars have provided 50 thousand new employment opportunities within this industry.

Desenbanco's financial support of the Copper Metallurgy Project has facilitated the establishment of ancillary industries associated with Polo Petroquímico.

More alimentation, more development.

Desenbanco has sponsored an unprecedented programme, designed to broaden the food commodities market in Bahia by setting up a group of companies under the leadership of

Propar - Promoções e Participações da Bahia S/A. The Desenbanco System is formed by Sementes Formoso, which produces, selects and trades in seeds of quality; Alimenta, which grows beans in previously uncultivated areas in Médio São Francisco; Frisuba, the most modern cold-storage plant in the North East region, responsible for the systematization of slaughter and for the supplying of fresh meat in Salvador and the main cities of the interior; Usina Aliança which has been reactivated and is now producing sugar; and EBAI - Empresa Baiana de Alimentos, which markets all surplus production at reasonable prices lower than market cost, by means of the Government programme "Cesta do Povo".

Through the expertise and dedication of Desenbanco, today, Bahia can be seen as a boom-state, racing ahead in the development and industrialization of its natural resources.



Desenbanco

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Bahia: the conquest of development.

BUSINESS NEWS BRIEFS

Compiled From Agency Dispatches

Commerzbank Calls Dividend Likely

FRANKFURT — Commerzbank said Friday that it is optimistic that it can resume a dividend payment on 1982 results after two years of omission.

The management board chairman, Walter Seipp, said at the annual meeting that operating profit before results on trading for the bank's account in the first quarter totaled \$4.3 million Deutsche marks, up 25 percent from last year's quarterly average.

Because of the recent decline in West German interest rates, Commerzbank is again breaking even on the 20.4 billion DM of long- and medium-term fixed-interest loans it had on its books as of Jan. 1, Mr. Seipp said. In March, he said, the bank was still taking a loss on these loans, which it had to finance with short-term funds.

AEG Won't Comment on Loss Report

FRANKFURT — AEG-Telefunken has no immediate comment on a published report that the electronics company expects an operating loss this year of 450 million to 490 million Deutsche marks, a spokesman for the company said Friday.

The report, in the investment newsletter Platow Brief, quoted a usually reliable source as saying the company foresees an improvement from the 650-million-DM operating loss last year.

The report said that the company is asking its banks, which in 1979 obtained half of AEG's shares, to agree to an increase in capital. The bank also said the banks have already agreed to forgo repayment of 300 million DM due this year. The banks last year waived 240 million DM of repayments. Banking sources said the banks are divided over AEG's requests for new aid.

Power of Canada Sees Lower Profit

MONTREAL — Power Corp. of Canada, reporting a 67-percent drop in first quarter profit, said Friday that it expects earnings for the full year to be slightly lower than 1981 results. For 1981, Power reported operating earnings of 87.8 million Canadian dollars (\$71.9 million), or 3.41 dollars a share.

The company's chairman, Paul G. Desmarais, said at the annual meeting that Power's share of its Investors Group unit's first quarter earnings fell to 4.9 million dollars from 14.7 million a year before. He cited lower earnings from Investors Group's Great West Life affiliate.

Deutsche BP to Close a Refinery

HAMBURG — Deutsche BP, a subsidiary of British Petroleum, said it is closing its oil refinery at Huenne, near Essen, which has annual capacity of six million metric tons.

The move is part of BP's plan to reduce its annual capacity in West Germany to around 14 million tons by the end of 1982 from 21 million at the beginning of 1981, the company said. Deutsche BP said production of petrochemical products and bitumen at the plant will continue after the refinery's closure. About 450 workers will lose their jobs, the company said.

Control Data Receives TI Contract

DALLAS — Control Data has agreed to provide a series of computer-based education material for a Texas Instruments home computer.

The agreement covers 430 programs in 108 packages developed for elementary and secondary schools, Texas Instruments said Thursday. The company said it will ship disks using the material in the United States and selected overseas markets, beginning in the fourth quarter.

Executives Say OPEC Is Holding Price Line

By Robert Burns

NEW YORK — A growing number of oil executives say OPEC has succeeded in halting the end of the oil glut and halting the decline in prices.

William T. Tavoulareas, president of Mobil, said Thursday that OPEC's decision in March to limit its daily production to 17.5 million barrels — a cut of about one million barrels a day — has turned the oil market around. When OPEC announced that decision, many observers were predicting a plunge in prices, and some suggested that the cartel might fall apart as members undercut each other to attract customers.

But, Mr. Tavoulareas told stockholders at Mobil's annual meeting in Orlando, Fla., "OPEC's recent production cutbacks seem to have had an impact. The spot market has begun to firm, and later this year OPEC may even be called upon to increase output in order to keep prices from exceeding previous highs."

In London, Peter Walters, president of British Petroleum, said Thursday that conditions in the oil market suggest "there are good prospects" that prices have stabilized.

Earlier this week, George Keller, chairman of Standard Oil of California, said he foresees a temporary increase in price as demand for oil products increases. Mr. Keller's comments were based on an analysis by Social economists, who predicted that OPEC's official prices will hold.

Some economists and oil industry analysts, however, believe the recent increase in the price of oil on the spot, or noncontract, market is temporary. They remain unconvinced that OPEC will resist pressure to cut prices.

Many of the big oil companies, including Mobil and California Standard, suffered huge drops in first quarter profit as a result of the oil glut and steep declines in prices for petroleum products. Mobil's profit fell 49 percent and Shell's dropped 65 percent.

It is in those companies' financial interest to see prices for refined products rise. If product prices again tumble as they did earlier this year, the big oil companies will again suffer major declines in earnings.

Social economists, in their new analysis, said the oversupply of crude that depressed prices earlier this year should be gone by July 1. Afterward, OPEC production is likely to increase significantly, they said.

Thomas Burns, a Social economist, said he "would not be surprised" to see some U.S. oil companies increase the price at which they buy and sell domestic crude.

Already some oil companies are raising wholesale gasoline prices in reaction to the rise in crude costs. Exxon raised wholesale prices Thursday by one-fourth to one-half cent a gallon in much of the United States.

replace short-term obligations with medium-term borrowings, eliminating some of that worry.

Sources said the loan would come in two parts. The first would be a three-year loan with an interest rate at one percentage point above the London interbank rate. Banks also would have the option of lending at 0.75 point above the U.S. prime rate.

The second part would be a seven-year loan with no payments due until the end of the third year. The interest rate would be 1.5 points over the interbank rate or 1.375 points over the U.S. prime.

Mexico Accepts Higher Loan Rate

NEW YORK — The Mexican government is seeking a syndicated loan of as much as \$2.5 billion at a rate considerably more expensive than it has paid in recent years.

The loan, which is being led by Bank of America and is to be arranged in the next few weeks, will be used to restructure part of Mexico's enormous public debt, which now totals close to \$60 billion, sources said.

The move, a banker explained, is a cornerstone in the economic program announced by the Mexican government on April 24, aimed at reducing government spending and foreign debt. The program calls for the government to slash spending, increase revenues, limit money supply growth and reduce imports.

Bankers in New York said 50 percent of the credit will be applied to refinancing Mexico's short-term debt; the other 50 percent is expected to be used for other government programs. The short-term debt has ballooned to about \$7 billion over the past year as the oil glut has caused government revenue to plummet.

Bankers have expressed concern recently about a possible crisis in Mexico if government revenues continue to drop and banks balk at renewing the short-term credits. The new loan would

Barlow Rand Treads On Delicate Ground

By Joseph Lelyveld

New York Times Service

JOHANNESBURG — When foreigners think about big business in South Africa, they normally think about the vast Anglo-American Corp. and its chairman, Harry F. Oppenheimer, whose place in the moneyed portion of this society makes him a one-man aristocracy.

But the second biggest industrial and mining group in South Africa is also very big. It is called Barlow Rand and at the end of its financial year that ended Sept. 30, it had 325 operating companies, employed 196,000 persons and reported consolidated profit of \$441 million. That represented a 23-percent leap from the previous year and did not include the returns on another batch of companies, nearly 600 of them, in which Barlow Rand has either an equity or management stake.

Barlow Rand also has a chairman and chief executive officer whose statements on sensitive social and political issues are perused almost as carefully as Mr. Oppenheimer's.

Mixing Business, Politics

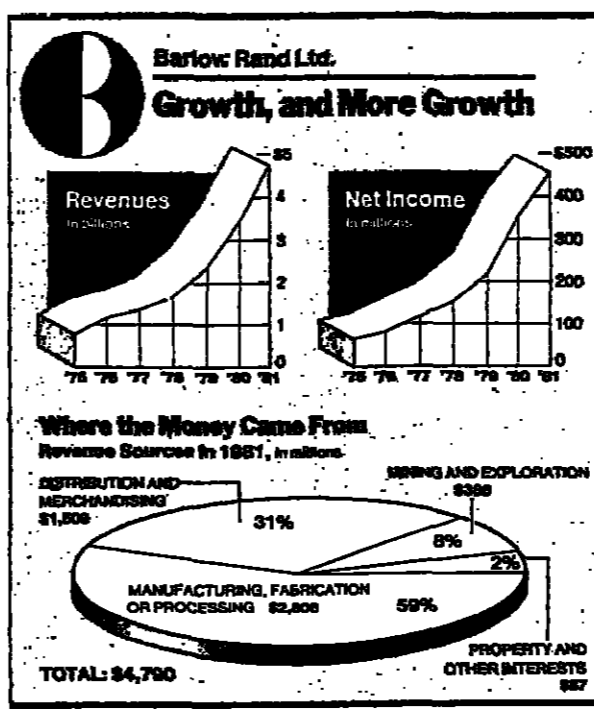
Aaron Michael Rosholt made his reputation by presiding over the remarkable growth of his group: Revenue — nearly \$4.8 billion last year — represented a fivefold increase over 1975. But he is known even more now for the changes he has demanded from his managers in the group's labor practices. Mr. Rosholt has what might seem to be a quixotic ambition for an executive in a society as drastically racist as this one. He wants Barlow Rand to be known, here and abroad, as an equal opportunity employer.

His experience at the helm of a conglomerate faced with a chronic shortage of skilled labor at home and a chronic need to reassure overseas investors has forced him to look up from his balance sheets and tread on political ground.

At the same time, he does not want to be perceived as a political enemy of a government dominated by Afrikaans-speaking whites who are just starting to overcome an almost hereditary mistrust of the English-speaking business establishment. So this soft-spoken former accountant insists that his public stance is apolitical. The issues on which he has been expressing himself lately with notable persistence, he maintains, are all social and economic matters with an unambiguous connection to the interests of Barlow Rand.

"I'm not a humanitarian, you know," he said. "I believe that people should be treated well, but I also believe it's the way to run a business. It's the only way you're going to provide yourself with contented, trained people in the future."

There are exceptions to his apolitical stance. In the course of an interview at the group's new corporate headquarters in a Johannesburg suburb, he was asked whether it was apolitical to deplore the practice of detention without trial as he recently did. "Detention without trial is terrible, and that is political," he conceded. "That was a political statement by me."



What about his endorsement, in the group's last annual report, of the recommendations of a state-appointed committee that wanted to start dismantling the system known as influx control that now makes it next-to-impossible for a black migrant worker to gain a legal right of residence in an urban area or establish his family there? The government had shelved those recommendations but the Barlow Rand chairman still argues that their time must come and soon.

Looking at Both Sides

"Influx control is not only an affront to dignity, which is the political side," he replied. "There's the other side. You can't run a country like that. You can't run a business. It's incompatible with the private enterprise system, isn't it? So I'm not on political grounds there." But what about the argument that black political rights would follow from black residential rights? "But it's got to be done," he replied evenly.

Mr. Rosholt, 61, has been chief executive officer of Barlow Rand since 1972, the year after the group started to approach its present weight on the South African scene with the acquisition of Rand Mines, one of the six major mining houses. In addition to gold and coal, it is now heavily into sugar, steel, wood and cement; on the manufacturing side, it turns out earth-moving

(Continued on Page 17, Col. 1)

IMF Reportedly Sees Sharply Slower Growth

Reuters

HELSINKI — Economic growth in the seven leading non-Communist industrial countries will slow by a third this year, according to an International Monetary Fund report, monetary sources said Friday.

They said the report, to be considered here next week, foresees 1982 real gross national product growth of the seven major countries slowing to 0.8 percent from about 1.2 percent last year.

The sources said the report forecasts economic growth will pick up in 1983 to 2.5 percent as interest rates in the seven countries decline and industrial investment accelerates.

The report will be presented next week to the 18th session of the IMF's interim committee, which shapes policy for the Washington-based lending agency. The 22-member committee represents all 146 IMF member countries.

Also sure to be a major topic next week, the sources said, was the effect on the other major countries of record U.S. budget deficits and high U.S. interest rates.

The high rates, which have contributed to the worldwide economic recession and high unemployment, have been criticized in Europe as preventing new growth. They were the target of attacks at the meeting of the IMF and World Bank last October in Washington.

The IMF's view of slowing growth this year is generally in line with a recent report by the Organization for Economic Cooperation and Development, which forecast that growth of its 24 member countries would remain low in 1982 and in most of 1983, with unemployment rising to new heights before tapering off as investment picks up.

The monetary sources said that the rigid anti-inflation policies of most industrialized countries appeared to be working, helping

either to stabilize inflation rates or to slow them down.

According to extracts of the IMF's report quoted by the sources, the increase in U.S. consumer prices should slow to an annual rate of 6.1 percent next year from an expected 7.2 percent in 1982 and 9.5 percent last year.

The sources said the report forecast that the U.S. gross national product would grow 1.8 percent in volume next year after declining one percent in 1982.

But they said that if the IMF forecasts for U.S. growth and inflation next year were near the mark, current grim economic prospects might improve by the end of 1982 and beginning of 1983.

The new plan calls for OECD members to recommit "grid" for export credit rates. The grid is divided into three categories to reflect the relative wealth of borrowing nations.

Under the compromise proposal, "relatively rich" countries would face an interest-rate increase of 1.25 percentage points to a rate of either 12.25 percent or 12.5 percent, depending on the length of the loan.

"Either the compromise is accepted by everyone or there is nothing," warned Jos Louffé, deputy director of the EEC Commission.

But he said there is a "rather good chance" the plan will be adopted by EEC foreign ministers at a May 17 meeting.

U.S. officials also seemed satisfied with the compromise. But Marc Leland, assistant U.S. Treasury secretary for international affairs, also warned, "This is it: There won't be any more negotiations."

The current export credit accord expires May 15. The compromise proposal must be accepted by OECD member governments by May 25. If approved, the plan would be retroactive to May 10



Donald T. Regan

Regan Predicts a Weaker Dollar Will Improve U.S. Trade Position

By Steven Ratner

New York Times Service

LONDON — U.S. Treasury Secretary Donald T. Regan said Friday that he was "pleased" at the sharp decline of the dollar this week on foreign exchange markets and that he expected it to continue to move lower and improve the U.S. trade position.

"A little lower dollar was probably the preferable position," Mr. Regan told reporters here. He said he expected the dollar to be still lower a year from now but declined to offer a more precise prediction.

"I'm not talking down the dollar," he said. "I'm merely forecasting that it will come down." The dollar is still 18 percent above its low in October, 1978, on a trade-weighted basis, according to Morgan Guaranty Trust.

On Friday, the dollar declined further in this European trading. The U.S. currency closed in London at 2.2890 Deutsche marks, down from the previous close of 2.3075 DM.

"Sawtooth Pattern"

"The dollar has been unusually strong," he said. "It has been strong for years."

In part, Mr. Regan's forecast for the dollar was related to another prediction, that interest rates have begun a decline that will take them "much lower" by the end of the year, although perhaps in a "sawtooth pattern."

"This will be like turning a ship," he said. "It's imperceptible

at first and pretty soon you're moving pretty fast." On interest rates as well, Mr. Regan declined to offer a precise forecast but he noted that last fall, interest rates dropped four percentage points in two months.

The Treasury secretary's optimistic and even buoyant mood Friday appeared to result in large part from the agreement between the White House and a majority of the Senate Budget Committee this week on a package of measures to reduce the budget deficit in coming years.

Rounding First

"As we proceed on this budget through the Congress, each step of the way should be reassuring to the financial markets," he said. "Interest rates should continue to fall as we are successful in this process."

Mr. Regan was optimistic even though the budget agreement leaves unresolved many key details of how the deficit is to be reduced. In addition, passage must still be achieved in the House of Representatives, which is controlled by the Democrats.

"We're rounding first and we're well on our way to second," Mr. Regan said. "I'd say on this one, we'll score." Later, in a talk to U.S. businessmen in London, he said: "I believe our economy is on the verge of recovery."

He reaffirmed that the Reagan administration would not accept deferral of the third year of the tax-cut plan as part of the budget package and insisted that the tax

plan would soon begin to work. "It hasn't had a chance, literally, to work," he said.

The Treasury secretary's comments came as he began a European swing that is to include stops in Paris for a meeting of the Organization for Economic Cooperation and Development and in Helsinki for an interim meeting of the International Monetary Fund.

In part, his statements about the dollar and U.S. interest rates appeared intended to help mollify European officials, who have been outspokenly unhappy about the impact of American rates on their economies. In early June, the leaders of seven major nations are to meet in Versailles, France, for a session that promises to include considerable recriminations over American rates.

As part of that process, George P. Shultz, a former Treasury secretary (Continued on Page 17, Col. 6)

Big Climbs Just Starting In New York

Multiple Gains Expected to Pace DJI Rise to 1300

The worst news and most scathing crash warnings are always issued at the most powerful of cyclical stock-market bottoms. Holders of the IOG fund—who also receive chart-illustrated reports outlining week-to-week strategies—have seen the fund make such buys as Advanced Micro at \$17 and Motorola at \$50 in the face of a major semiconductor score. Commodore near the equivalent of \$23 during a microcomputer panic, and Computervision after a slide to \$23 precipitated by fear that IBM would take over the CAD/CAM field. Subsequent gains ranging from \$9 to \$14 have been generated via use of put and call options which recently reports explain; and more recently similar tactics have been employed during recent news-induced breakdowns in such cases as Amelco and Detcomet. Bottom-area liquidation has been so exhaustive in some of these cases that technical recovery targets range to as far as 800 percent above current levels.

The Dow Jones Industrials have been subjected to so many crash scares designed to dislodge emotional amateurs that IOG's projection for the nearest bull market is to 1300; and if the averages can add 60 percent in two or three years, you should be watching what IOG says about new concept companies growing at 30 or 40 percent annually that have been knocked down to buy-signal levels of 10 times earnings. Send the coupon for complimentary weekly coverage and fund details.

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CURRENCY RATES

Interbank exchange rates for May 7, 1982, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.F.	S.F.	S.P.	S.K.
Amsterdam	2.4848	1.4811	11.1135	6.5596	1.9377	124.67	2.2852	2.2852
Banque Paribas	42.15	7.1125	18.80	7.2288	2.2075	17.09	—	—
Frankfurt	2.231	1.4365	—	36.33	1.798	90.80	5.29	32.10
London (D)	1.2533	—	4.7793	10.883	2.2034	4.4448	79.82	3.408
Paris	1.27410	—	2.2448	29.425	67.42	14.65	—	—
New York	—	1.3235	0.877	1.1455	0.0787	0.2977	0.6231	0.5299
Milano	5.994	10.534	26.977	—	4.0725	13.813	71.18	77.84
Zurich	1.0938	2.4552	22.75	31.445	0.1484	74.22	43.557	34.267
1 ECU	1.4946	0.5587	2.2835	2.201	122.57	2.4088	45.022	1.985
1 SDR	1.4829	0.5499	2.214	1.9533	142.57	2.2945	41.418	2.1574

Dollar Values

	\$	£	D.M.	F.F.	Y.F.	S.F.	S.P.	S.K.
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Milano	5.994	10.534	26.977	—	4.0725	13.813	71.18	77.8

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For Algerians, Path to Socialism Takes Turn Toward Pragmatism

By Frank B. Gupke
New York Times Service

ALGERIERS — Two decades after Algeria embarked on a path of Socialist development following its independence from France, its leaders are acknowledging their economic mistakes and moving to liberalize their system.

"We admit that, like many other people who have passionately pursued economic growth, we have made mistakes in our development," said Col. Slimane Hoffmann, a close aide to President Benjedid Chadli and chairman of the Foreign Relations Committee of the ruling National Liberation Front.

"Our desire now is to modify and improve our policies and be in better control of our development," he added. "We are not rigid, but flexible, and we learn from whatever mistakes we may have made."

President Benjedid, who has just completed three years in office, has moved steadily to break up the 100 huge state organizations that control the production and distribution of virtually all goods in this country of 21 million people.

The 1980-84 plan has been overhauled to emphasize the streamlining of projects already decided upon, and new projects have been generally postponed. In a recent speech, the 52-year-old leader said that Algeria's small but energetic private sector would be encouraged to expand in the retail, housing and tourism industries, among others.

"We want a nonexploitative private sector," President Benjedid has said.

The government also is moving to establish more joint ventures with foreign concerns. Western businesses are expected to be given tax holidays to encourage them to invest in consumer-goods industries, housing and electronics.

The intimidating investment code is being simplified. "We recognize that a lot has to be done to simplify our regulations and to improve our relations with foreign partners," said Abbes Aberkane, the chief counselor in the Ministry of Planning.

In interviews in this capital city the other day, both Mr. Aberkane and Mohammed Salah Belkhal, the director general for economic coordination in the planning ministry, said that the government is decentralizing the economic system to improve management.

"We are, for the first time, instituting the concepts of individual responsibility for production — and we are offering such incentives for better production as cash bonuses," Mr. Aberkane said.

Socialism is still the official doctrine of the National Liberation Front, the only political party permitted in this country. Official talk is still of Socialism, although official policy is edging cautiously toward a Hungarian-style system of monitored free enterprise. The catchword these days in Algeria is "pragmatism."

Thus, the state-run energy company, Sonatrach, which has 100,000 employees, was divided recently into seven autonomous units for better efficiency. Sonatrach, the national truck, tractor and automobile monopoly, which has 50,000 employees, was broken up three months ago into three autonomous concerns.

Moreover, the Benjedid Government has recognized that the green northern belt of Algeria suffers from overpopulation because of the concentration of industry. An effort is under way, Mr. Belkhal said, to move industrial plants to rural areas.

Farmers — who have suffered under state-run collectives — are being given more credit and encouraged to till small plots that they could eventually own. A new agricultural bank has been established at Blida. Steps are being taken to break up the 2,000 "self-managed" state farms into several thousand smaller units.

Algeria has suffered from previous agricultural policies that emphasized large-scale production. Once a net food exporter, the country now imports more than 60 percent of its food.

Algerian officials as well as Western diplomats say that 1982 will be a critical year in this country's ambitious economic development plan.

Previous plans scrupulously followed the call of the late President Houari Boumedienne for state Socialism and heavy industry and thus tended to emphasize the development of capital-intensive industries to the detriment of agriculture and consumer goods. As a result, by the time President Benjedid took over in 1979, housing was inadequate, unemployment widespread among youths and consumer goods scarce.

There already are several hundred small privately owned construction companies, and the government plan calls for building nearly half a million dwellings by 1984 and two million by 1990.



Benjedid Chadli

New York Starts Stock Index Futures Trading

New York Times Service

NEW YORK — A third exchange in the United States, the New York Futures Exchange, has opened for trading stock index futures, which might be called the market's purest play.

"It's the entire Big Board market of 1,525 common stocks in one decision — to buy or to sell," John M. Blin, NYFE senior vice president, said Thursday as the New York exchange joined the Kansas City Board of Trade and the Chicago Mercantile Exchange in offering futures contracts linked to stock indexes.

At the NYFE, each futures contract is based on the New York Stock Exchange's composite index and is an obligation to buy or sell based on the value at a future date. The dollar value of a single futures contract is determined by multiplying the number of the composite index by \$500.

Most of the activity came from traders and other professionals, Mr. Blin said, though he added that there was also some interest by customers for retail houses.

\$3,500 Deposit

Asked if a futures market on Wall Street affects prices on the Big Board itself, Mr. Blin said, "I don't think so, although it's too early to tell. What you're getting instead is greater liquidity for the market."

A person speculating on future price movement in the market needed to put down \$3,500, or slightly more than 10 percent of the contract's value. That's called a "good-faith deposit." The one-time commission for each contract is estimated to range from \$50 to \$70 at brokerage firms.

The speculator's chief risk that his forecast of the future market trend may be wrong. But there is also a potential risk for the speculator in terms of leverage.

If, for example, the Big Board index drops to 67, the speculator

who bought the contract at 68 will have lost \$500 of his original stake. He must deposit this sum with the broker the next day in order to maintain his commitment. If no deposit is made, the customer is sold out and gets \$3,000 back.

"In contrast to options, where the maximum possible loss is the premium paid," said William E. Byers, director of commodity research at Bear, Stearns & Co., "the risk of loss in futures contracts is not limited to the initial deposit. This is because futures confer an obligation to perform, while options grant only a right."

A more conservative way to play stock index futures is through hedging. Futures contracts, for example, can be sold to offset the effect of a general market decline on an investor's existing portfolio.

Additionally, if the holder of a contract also owns some stock, a broker may decide that the customer qualifies for a "hedge margin," calling for an initial good-faith deposit of only \$1,500. Institutional investors owning security portfolios, as well as block traders, risk arbitrageurs and underwriters of new equity issues, are expected to avail themselves of hedging opportunities.

Regan Sees Weaker Dollar Aiding U.S. Trade Position

(Continued From Page 15)

Mr. Regan also said he expects any accord on such rules in Versailles but that discussions could be continued at the ministerial meeting in November of the General Agreement on Tariffs and Trade.

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"When a country is in a recession, it tends to be protectionist," he said.

up ideas for international rules on investment, similar to the trade agreements.

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COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Canada			
Power Corp. of Canada	1981	1982	1983
Revenue	4.65	4.65	20.19
Profit	1.00	1.00	1.00
United States			
Travelers Corp.	1981	1982	1983
Revenue	2,000.0	2,000.0	2,400.0
Profit	66.6	66.6	83.9
Per Share	0.80	0.80	0.96
West Germany			
Continental Gummi-Werke AG	1981	1982	1983
Revenue	3,250.0	3,250.0	3,160.0

European Gold Markets

May 7, 1982			
London	A.M.	P.M.	N.C.
Paris (2.5 kilos)	342.50	342.50	342.50
Zurich (2.5 kilos)	342.50	342.50	342.50

Gold Options (prices in \$/oz.)

Price	May	Aug.	Nov.
330	10.00-12.00	20.00-31.00	—
350	2.50-3.50	15.00-21.00	30.00-33.00
370	1.00-2.00	4.00-11.00	22.00-25.00
390	—	5.00-7.00	14.00-19.00
410	—	3.00-5.00	11.00-14.00

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Botswana Devaluates, Increases Prime Rate

The Associated Press

GABORONE, Botswana — The government announced sweeping devaluations Friday, including a 10-percent devaluation of the country's currency and drastic budget cuts.

A senior government economist said that the Botswana currency, the pula, would drop from \$1.07 to about 96 cents immediately. The prime lending rate was being raised from 13 percent to 14.5 percent. No other details were disclosed.

and German prisoner-of-war camps followed.

He moved from an accounting firm to the company he now heads in 1963 and was then apparently groomed for the succession by C.S. Barlow, universally known as Punch, who started the transformation of a relatively obscure family concern into a major industrial group.

In the boom period just ended, Barlow Rand would have liked to have expanded overseas but was hampered by South Africa's rigid exchange controls, which are eased only for deals that have a potential value for the armed forces or acquisitions that promise to pay off in increased exports. The group used its own shares, which are traded in London and on several Western European markets, to finance its acquisition of the dealership for Hyster forklifts in Britain, and then used its profits from

the British company to acquire the Hyster dealership for the southeastern United States.

But this is a painfully slow way to diversify geographically and the group's moves to expand, as well as its current assets, remain closely tied to South Africa. This year is going to be a hard one, Mr. Rosholt acknowledged, especially for the group's gold and ferro-alloys divisions. "We're sort of a microcosm of the total economy," he said, "so I see us as having a difficult year."

Recovery for Barlow Rand and South Africa generally, he predicted, will have to wait for recovery in the United States and a drop in U.S. interest rates, which would help resuscitate the demand for gold.

"When gold has recovered and the interest rate has come down, I

EEC Panel Backs Extending Cuts In Steel Output

VENICE — A consultative committee of the European Coal and Steel Community has voted to extend mandatory steel output cuts for 18 months, officials said Friday. Without an extension, the cuts would expire July 1.

Etienne Davignon, the European Economic Community industry commissioner, told reporters that he was satisfied with the decision, which must now be approved by a ministerial council session at the end of May.

He said there was still uncertainty about whether the output cuts would be extended by 12 or 18 months. At a meeting Tuesday, industry ministers from EEC countries were divided on the duration.

The cuts were first imposed in October, 1980, to deal with surplus production and capacity on the European steel market.

Mr. Davignon ruled out imposing binding minimum prices for steel but said the commission would consult with producers and consumers in an effort to keep prices steady in real terms.

Steelmakers that have already satisfied EEC restructuring requirements might receive special treatment in the setting of future production quotas, Mr. Davignon said. He did not elaborate.

Investment Rules

"What they're saying in effect is that we shouldn't have such a strong dollar," Mr. Regan asserted. "Intervention can never prevent the long-range course of the relationships among international currencies."

As for the Versailles summit, Mr. Regan said that in addition to the customary discussion of overall monetary and fiscal policies and the widely predicted airing of concerns about Reagan economic policy, he expects the gathering to take

Securities Firms Object To Thrift Broker Plan

NEW YORK — The Securities Industries Association has opposed the Federal Home Loan Bank Board's decision to allow thrift institutions to offer investment and brokerage services.

The association, which represents brokerage houses and investment banks, said Thursday that it may file legal action to block the board's approval earlier in the day of an application by three savings and loan associations in Florida, California and Washington, D.C., to set up a brokerage subsidiary, called Savings Association Investment Securities.

Barlow Rand: Balancing Business and Politics

(Continued From Page 15)

equipment, locomotives, transformers and an array of household appliances.

It is almost easier to say what it does not do. Until this month, it would have been possible to say it did not have much of a stake in non-durable consumer goods, but then in a deal that was said to involve nearly \$400 million in stock transfers, Barlow Rand acquired control of one of South Africa's biggest foods companies, Tiger Oats.

As an organization its theme is decentralized management and tight financial control. The man at the top is a rangy former athlete with straw-colored hair now nearly turned to white. He served as an artillery officer with South African forces in World War II in North Africa, where he was captured; three and one-half years in Italian

and German prisoner-of-war camps followed.

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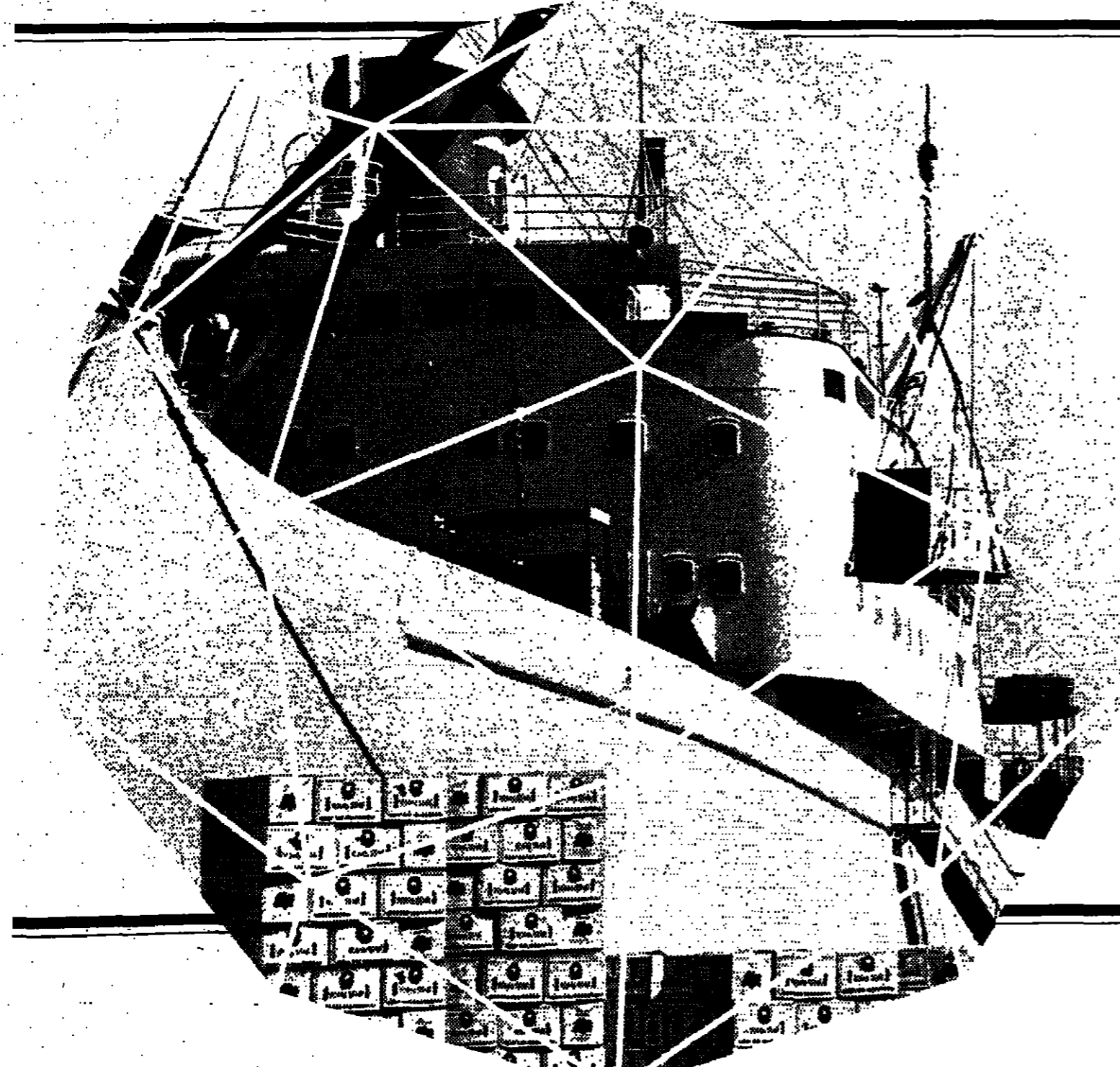
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Canucks Dump Black Hawks To Reach Stanley Cup Final

By Robert Facher

Washington Post Service

CHICAGO — The Chicago Black Hawks had upset Minnesota and St. Louis largely through physical intimidation. That tactic had no effect on the Vancouver Canucks, who battled their way into the first coast-to-coast Stanley Cup final on a light-filled 6-2 victory Thursday night.

The Canucks, losers only twice in their last 22 games, open the best-of-seven series against the New York Islanders Saturday at Nassau Coliseum on Long Island. They finished off the Hawks by a 4-1 margin, following a similar rout of Los Angeles and a three-game sweep of Calgary.

Vancouver led all the way Thursday night, after Jim Miller deflected Neil Belland's shot for a power play goal after 2 minutes 40 seconds. The 19,758 fans tried in vain to rally their heroes, but the Canucks goalie, Richard Brodeur, had the answers despite Chicago's 38-28 edge in shots.

Brodeur probably made the biggest save of the game even before Miller scored. Chicago's Denis Savard, the playoffs' leading goal scorer with 11, took the puck away from Lars Lindgren and skated in on a breakaway. Brodeur held his ice and got his left pad on Savard's shot.

"Our goaltending was the differ-

ence for us," said the Canucks coach, Roger Neilson. "Brodeur was just great, he made so many key saves. The one on Savard, that was really a key play."

The fans had no sooner reconciled themselves to Miller's goal than Stan Smyl, a two-goal scorer, made it 2-0 at 3:48. Chicago's Al Secord was signaled for a delayed penalty and the Hawks seemed to relax.

NHL PLAYOFFS

permitting Smyl an unimpeded path over the Hawks' blueline. Defenseman Dave Fennel blocked Smyl's shot, but Miller scored with the rebound.

Tom Lysiak's rebound of a Savard shot cut the margin in half, but Lars Molin came in and poked the puck between Murray Banner's legs to make it 3-1 before the first period ended.

It took a long time for the first period to end. Lindgren was hooking and holding Savard along the boards, without a penalty call, and when play stopped, Grant Mulvey came off the Chicago bench and cross-checked Lindgren in the head. While the Swede lay on the ice, seven separate fights broke out and the endless nature of trying to effect separations prompted referee Ron Wicks to halt play and send the teams to their dressing rooms with 1:34 left in the period.

"Trying to get a guy out of the game like that — that's bush," Smyl said. "We were determined to come right back at them."

When the clubs returned to complete the first period, Tony Esposito replaced Bannerman in goal and gave the Hawks a lift with some big saves. Then, early in the third period, Mulvey sent a shot from the right-wing boards that struck the far post and caromed behind Brodeur to make it 3-2.

That goal came on a power play. Wicks having bounced Anders Eldebrink for tripping. It was a debatable call, considering all Wicks had passed up previously, but Neilson said, "I guess he did bring him down. It wasn't worth raising a towel over."

Less than three minutes later, Darcy Rota, a discarded Black Hawk, cut around defenseman Keith Brown and flipped the puck over the flopping Esposito to provide some breathing space. Later, with the Hawks gambling, Smyl and Ivan Boldirev padded the score.

After Boldirev scored, a towel floated from the stands onto the ice. It was more than a symbolic surrender since it was lost a week ago that Neilson and two players wrapped towels on their stick blades and waved them at referee Bob Myers, earning ejection and \$11,000 in fines.



Darcy Rota rejoices at scoring against the Black Hawks.



Gaylord Perry sprays champagne on relief pitchers Larry Andersen (left) and Bill Canfield during the postgame celebration of his 300th career victory, a 7-3 triumph over the Yankees.

Perry Celebrates 300th Victory

By Jane Gross

New York Times Service

SEATTLE — As 27,369 satisfied Mariners fans looked on at the Kingdome with certificates proclaiming that "I was in attendance for Gaylord Perry's 300th career victory," baseball's oldest active player guaranteed himself a place in the Hall of Fame with a 7-3 complete-game victory Thursday night over the New York Yankees.

In becoming the 15th player in major league history to win 300 games, and the first since Early Wynn in 1963, the 43-year-old Perry struck out four while giving up nine hits, three of them to Ken Griffey, who had his first home run of the season.

Perry, until now best known as the author of "Me and the Spitter" — an autobiographical confession, said he believed this milestone was within reach in 1978 when, as a 40-year-old San Diego Padre, he won 21 games and his second Cy Young award, one in each league. After last season, however, with just three victories to go, the Braves, Perry's sixth team in a 20-year career, released him and he began scrambling for a job.

"I'd have accepted it," Perry said of the possibility that his playing career had ended in 1981. "But I never thought of not getting a chance."

Dan O'Brien, the Mariners president who had been Perry's general manager at Texas, persuaded the reluctant owner and manager here to sign him to a make-good contract last March. "Simply stated, it's a young team and you don't want any one to get in the way of the young pitchers," O'Brien said. "But looking at the people we had, I didn't see that happening. I saw him as someone with a chance to win 12, maybe 15 games and at the same time get the attention of the public."

Ever since Perry won his 299th game in New York last week, The Kingdome has buzzed with excitement. On Wednesday President Reagan called to offer his good wishes to another "Ancient Mariner," and Perry's older brother, Jim, himself a 215-game winner and now a pitching instructor in the Oakland A's farm system, made a surprise visit to cheer his brother on.

Perry's wife and 19-year-old daughter were also here for the game. His younger children, a son who was playing first base for his own baseball team,

and two daughters with dates for their high school prom, remained at the Perry's North Carolina permit farm watching on cable television.

Perry, unlike others before him who were chasing significant records, seemed to relax in all the attention. "I worked 20 years for this and I'm going to enjoy it," he said. And even before Thursday's game, Perry was making plans for his future: first a shot at Walter Johnson's strikeout record of 3,508. — Perry has now struck out 3,368 — and eventually a career as a manager or front office executive.

The Mariners, some of them younger than Perry's daughter, have warmed to their crusty new teammate, and all of them clamored for a spot in the lineup and perhaps the history books. Manager Rene Lachemann used his regular starters, except for Bulling, the young catcher who had caught Perry's last four starts.

The players, who posted signs in the dugout urging a victory for "our man Gaylord," pounced on Doyle Alexander and the staggering Yankees in the third inning. A triple by Jim Malar, a run-scoring single by Terry Bulling, a two-base throwing error by Rick Cerone on Julio Cruz' sacrifice bunt and a run-scoring single by Manny Castillo gave Seattle a 2-0 lead. Alexander finally retired two batters, but then Todd Cruz drove in two runs with a single and Al Cowens another with a triple to give Perry a 5-0 lead.

Four of the runs charged to Alexander, the loser, were unearned. Alexander, who left the game in the fourth inning for Rudy May, had been the Yankees starter last week when Perry won his 299th game with Rich Gossage the loser.

Alexander cracked a bone in his pitching hand by punching the dugout wall after the Mariners scored their five runs in the third inning. He is expected to miss six weeks and will be replaced in the rotation by May, leaving the Yankees with only three relievers.

May handled the Mariners nicely Thursday for three innings before giving up two runs in the seventh. Bulling doubled, moved to third on a wild pitch and scored on Castillo's double to left over the head of a leaping Dave Winfield. Bruce Bochte singled to right, scoring Castillo, and was out trying to reach second.



Mel Purcell had some difficult moments at Forest Hills.

Kush Assembles Colts Early To Measure Physical Fitness

The Associated Press

OWINGS MILLS, Md. — More than 90 veterans, free agents and newly drafted players were expected this weekend when Frank Kush, the new head coach of the Baltimore Colts, conducts a three-day mini-camp.

"The last thing that concerns me now is the players' skills," Kush said. "There's plenty of time to work on those. What I'm anxious to see is their attitude and their physical preparation."

Lossing Record

"I want to see if they're willing to pay the price that will be required to win this team around. If not, then the hell with them."

Kush was named to replace Mike McCormack after the National Football League team posted a 2-14 record in 1981, their fourth consecutive losing season.

During the first week of March, all veterans on the team were sent an illustrated booklet describing suggested exercises and drills. Following physical examinations on Friday, the players were to be tested for speed, agility, jumping ability and endurance.

Another physical on Saturday was to be followed by a sprint test and a strength test and a practice session. The camp concludes Sunday with a morning workout.

On Saturday, each player was to run a series of ten 40-yard dashes with only 10 seconds of rest between each dash. Each player would be graded on how far his performance slips from his fastest effort on each of the 10 dashes.

Kush said he would be surprised if as many as 10 players on the

squad retained 70 percent of the optimum time on each run.

"It takes great endurance to do that," he said. "But by the next mini-camp (June 11-13), they should be around there. They should be at 80 percent. Soon after that, they should be at 90."

"I don't expect them to be in the kind of shape they'll be in by the end of training camp. What I do expect is for each player to understand what we want from him and to see the areas in which he must improve before the next mini-

Purcell Upsets Gerulaitis in N.Y.

By William N. Wallace

New York Times Service

NEW YORK — Mel Purcell, the ambitious young Kentuckian, knocked Vitas Gerulaitis out of the Tournament of Champions at Forest Hills on Thursday, 7-5, 6-2, and John McEnroe's merle was tested by Shlomo Glickstein, a tenacious 23-year-old Israeli army veteran.

McEnroe needed three sets to put away Glickstein, 2-6, 3-6, 2-6.

Ivan Lendl, seeded second to McEnroe in this 64-player tournament, had an easier time with a 6-2, 6-0 rout of Hans Gildemeister of Chile. Lendl moved into the quarterfinal round with Purcell his opponent Friday. McEnroe's quarterfinal opponent will be John Sadri.

The 22-year-old Israeli, a third-year who relies on speed and quickness "to run the balls down," as he puts it, was behind, 2-0, in the second set. He then won six straight games, the last at love after he broke Gerulaitis' serve for the sixth time in the match.

The persistent returns of the winner unnerved Gerulaitis, the 27-year-old veteran, enough so that twice he tossed away his racquet, once into the grandstand wall and once into the net.

Purcell, seeded 12th, had played Gerulaitis, seeded fifth, only once before, losing as an amateur three years ago, and he characterized his victory as the most important of his career. "My level today was as good as it can be," he said. "I played a smart match. I'm proud of myself."

Purcell, 24th in the world computer ranking, was so unsure of his ability to upset the player who won this tournament four years ago that he had made an airplane reservation that would have taken him home to Murray, Ky., immediately after the match.

NBA Playoffs

EASTERN CONFERENCE SEMIFINALS

Boston vs. Washington (Boston wins series, 4-1)

Apr. 25 — Boston 109, Washington 91

Apr. 28 — Washington 103, Boston 102

May 1 — Boston 102, Washington 92

May 2 — Boston 101, Washington 124 (OT)

Philadelphia vs. Milwaukee (Philadelphia leads series, 2-0)

Apr. 25 — Philadelphia 125, Milwaukee 122

Apr. 28 — Philadelphia 128, Milwaukee 122

May 1 — Milwaukee 120, Philadelphia 91

May 2 — Philadelphia 102, Milwaukee 93

May 3 — Milwaukee 116, Philadelphia 98

May 4 — San Antonio vs. Los Angeles

May 5 — Milwaukee vs. Philadelphia

WESTERN CONFERENCE SEMIFINALS

San Antonio vs. Los Angeles

May 9 — San Antonio vs. Los Angeles

May 10 — San Antonio vs. Los Angeles

May 11 — Los Angeles vs. San Antonio

May 12 — Los Angeles vs. San Antonio

May 13 — Los Angeles vs. San Antonio

May 14 — Los Angeles vs. San Antonio

May 15 — Los Angeles vs. San Antonio

May 16 — Los Angeles vs. San Antonio

May 17 — San Antonio vs. Los Angeles

May 18 — San Antonio vs. Los Angeles

South Africa, 6-4, 7-5, and in a match that was interrupted 59 minutes by rain. Just-Luis Clerc, seeded second, defeated Andre Gomez of Ecuador, seeded ninth, 6-3, 6-1. Clerc will face Araya in the quarterfinal round.

McEnroe's problems were of his own making, and his best tennis did not come out until he found himself trailing, 2-3, in the second set.

Attacking behind his serve and attacking his foe's serve, McEnroe then won seven games in a row.

Glickstein was not ready to give up. He broke McEnroe's serve in the fifth game, putting the match back on serve but the victor countered by breaking Glickstein back for a 4-2 margin.

McEnroe said of his early difficulties: "I let up and just didn't play well. I was hitting shots I thought I was going to make, and I kept on missing them. Finally, after a set and a half, it started coming together."

Lisa Bonder was leading Yvonne Vermaak, 6-1, 2-3. And Billie Jean King was ahead of Sylvia Hanika, 6-0, 0-6, 1-0. Play was to resume Saturday, weather permitting.

Mandlikova Gains Italy Semifinals

The Associated Press

PERUGIA, Italy — Hana Mandlikova became the first player to earn a berth in the semifinals of the Italian Open tennis tournament Friday when she defeated Pam Casse, 6-4, 7-6.

Rain washed out play with two other quarterfinals interrupted, while top-seeded Chris Evert Lloyd never got on court.

Lisa Bonder was leading Yvonne Vermaak, 6-1, 2-3. And Billie Jean King was ahead of Sylvia Hanika, 6-0, 0-6, 1-0. Play was to resume Saturday, weather permitting.

A's Beat Indians for 7th Straight Triumph

From Agency Dispatches

OAKLAND, Calif. — Dwayne Murphy hit a home run, and Dave Beard pitched 2½ innings of hitless relief Thursday night to lead the Oakland A's to their seventh straight victory, a 4-2 decision over the Cleveland Indians.

Beard came on with two runners aboard in the seventh inning and struck out Andre Thornton to preserve the victory for Steve McCatty (2-1). It was Beard's second save.

Murphy's homer in the eighth, his fifth of the season, ended a streak of 18 consecutive batters not reaching base.

Thursday's Line Scores

NATIONAL LEAGUE

Los Angeles 300 000-3 9 0

San Francisco 000 000-2 4 0

Houston 000 000-3 1 0

Philadelphia 000 000-2 1 0

Pittsburgh 000 000-2 1 0

St. Louis 000 000-2 1 0

San Diego 000 000-2 1 0

Seattle 000 000-2 1 0

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